

HOUSE BILL No. 1443

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-4-8-9; IC 6-1.1; IC 6-3.5; IC 20-1; IC 20-2; IC 20-3; IC 20-3.1-15-1; IC 20-4; IC 20-5; IC 20-5.5-7; IC 20-6.1-5-12; IC 20-8.1; IC 20-9.1-6; IC 20-10.1; IC 20-12-14-2; IC 21-1; IC 21-2; IC 21-4; IC 21-5; IC 22-5-6-9; IC 36-1; IC 36-7-15.1-26.9.

Synopsis: Elimination of school property taxes. Authorizes a school corporation to impose a school option income tax. Eliminates the authority of a school corporation to impose a property tax levy (except to retire certain bonds and leases). Makes related changes.

Effective: Upon passage; July 1, 2004; January 1, 2005; July 1, 2005; January 1, 2006.

Behning, Frizzell

January 20, 2004, read first time and referred to Committee on Ways and Means.

C
o
p
y



Introduced

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

HOUSE BILL No. 1443

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-4-8-9 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2004]: Sec. 9. Any qualified entity receiving a
3 loan under this chapter may levy an annual tax on personal and real
4 property located within its geographical limits for industrial
5 development purposes, in addition to any other tax authorized by
6 statute to be levied for such purposes, at such rate as will produce
7 sufficient revenue to pay the annual installment and interest on any
8 loan made under this chapter. Such a tax may be in addition to the
9 maximum annual rates prescribed by IC 6-1.1-18, IC 6-1.1-18.5,
10 IC 6-1.1-19 (**repealed January 1, 2006**), and other statutes.

11 SECTION 2. IC 6-1.1-1-3, AS AMENDED BY P.L.291-2001,
12 SECTION 204, IS AMENDED TO READ AS FOLLOWS
13 [EFFECTIVE JULY 1, 2004]: Sec. 3. (a) Except as provided in
14 subsection (b), "assessed value" or "assessed valuation" means an
15 amount equal to:

16 (1) for assessment dates before March 1, 2001, thirty-three and
17 one-third percent (33 1/3%) of the true tax value of property; and

2004

IN 1443—LS 7176/DI 51+



C
o
p
y

(2) for assessment dates after February 28, 2001, the true tax value of property.

(b) For purposes of calculating a budget, rate, or levy under IC 6-1.1-17, IC 6-1.1-18, IC 6-1.1-18.5, IC 6-1.1-19 (**repealed January 1, 2006**), IC 6-1.1-20, IC 21-2-11.5 (**repealed January 1, 2006**), and IC 21-2-15 (**repealed January 1, 2006**), "assessed value" or "assessed valuation" does not include the assessed value of tangible property excluded and kept separately on a tax duplicate by a county auditor under IC 6-1.1-17-0.5.

SECTION 3. IC 6-1.1-17-0.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 0.4. This chapter applies to a school corporation for budget years after December 31, 2005, only to the extent that the department of local government finance is authorized to review budgets, tax levies, and tax rates of school corporations under section 10 of this chapter.**

SECTION 4. IC 6-1.1-17-8, AS AMENDED BY P.L.90-2002, SECTION 150, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 8. (a) If the county board of tax adjustment determines that the maximum aggregate tax rate permitted within a political subdivision under IC 6-1.1-18 is inadequate, the county board shall, subject to the limitations prescribed in IC 6-1.1-19-2 (**repealed January 1, 2006**), file its written recommendations in duplicate with the county auditor. The board shall include with its recommendations:

- (1) an analysis of the aggregate tax rate within the political subdivision;
- (2) a recommended breakdown of the aggregate tax rate among the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision; and
- (3) any other information which the county board considers relevant to the matter.

(b) The county auditor shall forward one (1) copy of the county board's recommendations to the department of local government finance and shall retain the other copy in the county auditor's office. The department of local government finance shall, in the manner prescribed in section 16 of this chapter, review the budgets, tax rates, and tax levies of the political subdivisions described in subsection (a)(2).

SECTION 5. IC 6-1.1-17-10, AS AMENDED BY P.L.90-2002, SECTION 151, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 10. (a) When:

C
o
p
y



(1) the aggregate tax rate within a political subdivision, as approved or modified by the county board of tax adjustment, exceeds the maximum aggregate tax rate prescribed in IC 6-1.1-18-3(a); or

(2) for budget years after December 31, 2005, the political subdivision is a school corporation that is imposing a property tax levy under IC 21-2-4-3;

the county auditor shall certify the budgets, tax rates, and tax levies of the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision, as approved or modified by the county board, to the department of local government finance for final review.

(b) For purposes of this section, the maximum aggregate tax rate limit exceptions provided in IC 6-1.1-18-3(b) do not apply.

(c) For budget years after December 31, 2005, the authority of the department of local government to review the budget, tax rates, and tax levies of a school corporation is limited to that part of the budget and the tax rates and tax levies imposed under IC 21-2-4-3.

SECTION 6. IC 6-1.1-17-16, AS AMENDED BY P.L.256-2003, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 16. (a) Subject to the limitations and requirements prescribed in this section, the department of local government finance may revise, reduce, or increase a political subdivision's budget, tax rate, or tax levy which the department reviews under section 8 or 10 of this chapter.

(b) Subject to the limitations and requirements prescribed in this section, the department of local government finance may review, revise, reduce, or increase the budget, tax rate, or tax levy of any of the political subdivisions whose tax rates compose the aggregate tax rate within a political subdivision whose budget, tax rate, or tax levy is the subject of an appeal initiated under this chapter.

(c) Except as provided in subsection (j), before the department of local government finance reviews, revises, reduces, or increases a political subdivision's budget, tax rate, or tax levy under this section, the department must hold a public hearing on the budget, tax rate, and tax levy. The department of local government finance shall hold the hearing in the county in which the political subdivision is located. The department of local government finance may consider the budgets, tax rates, and tax levies of several political subdivisions at the same public hearing. At least five (5) days before the date fixed for a public hearing, the department of local government finance shall give notice of the time and place of the hearing and of the budgets, levies, and tax rates

C
o
p
y



to be considered at the hearing. The department of local government finance shall publish the notice in two (2) newspapers of general circulation published in the county. However, if only one (1) newspaper of general circulation is published in the county, the department of local government finance shall publish the notice in that newspaper.

(d) Except as provided in subsection (i), IC 6-1.1-19 (**repealed January 1, 2006**), or IC 6-1.1-18.5, the department of local government finance may not increase a political subdivision's budget, tax rate, or tax levy to an amount which exceeds the amount originally fixed by the political subdivision. The department of local government finance shall give the political subdivision written notification specifying any revision, reduction, or increase the department proposes in a political subdivision's tax levy or tax rate. The political subdivision has one (1) week from the date the political subdivision receives the notice to provide a written response to the department of local government finance's Indianapolis office specifying how to make the required reductions in the amount budgeted for each office or department. The department of local government finance shall make reductions as specified in the political subdivision's response if the response is provided as required by this subsection and sufficiently specifies all necessary reductions. The department of local government finance may make a revision, a reduction, or an increase in a political subdivision's budget only in the total amounts budgeted for each office or department within each of the major budget classifications prescribed by the state board of accounts.

(e) The department of local government finance may not approve a levy for lease payments by a city, town, county, library, or school corporation if the lease payments are payable to a building corporation for use by the building corporation for debt service on bonds and if:

- (1) no bonds of the building corporation are outstanding; or
- (2) the building corporation has enough legally available funds on hand to redeem all outstanding bonds payable from the particular lease rental levy requested.

(f) The department of local government finance shall certify its action to:

- (1) the county auditor; and
- (2) the political subdivision if the department acts pursuant to an appeal initiated by the political subdivision.

(g) The following may petition for judicial review of the final determination of the department of local government finance under subsection (f):

C
o
p
y



(1) If the department acts under an appeal initiated by a political subdivision, the political subdivision.

(2) If the department acts under an appeal initiated by taxpayers under section 13 of this chapter, a taxpayer who signed the petition under that section.

(3) If the department acts under an appeal initiated by the county auditor under section 14 of this chapter, the county auditor.

The petition must be filed in the tax court not more than forty-five (45) days after the department certifies its action under subsection (f).

(h) The department of local government finance is expressly directed to complete the duties assigned to it under this section not later than February 15th of each year for taxes to be collected during that year.

(i) Subject to the provisions of all applicable statutes, the department of local government finance may increase a political subdivision's tax levy to an amount that exceeds the amount originally fixed by the political subdivision if the increase is:

(1) requested in writing by the officers of the political subdivision;

(2) either:

(A) based on information first obtained by the political subdivision after the public hearing under section 3 of this chapter; or

(B) results from an inadvertent mathematical error made in determining the levy; and

(3) published by the political subdivision according to a notice provided by the department.

(j) The department of local government finance shall annually review the budget of each school corporation not later than April 1. The department of local government finance shall give the school corporation written notification specifying any revision, reduction, or increase the department proposes in the school corporation's budget. A public hearing is not required in connection with this review of the budget.

SECTION 7. IC 6-1.1-17-17, AS AMENDED BY P.L.90-2002, SECTION 159, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 17. Subject to the limitations contained in IC 6-1.1-19 (**repealed January 1, 2006**) and IC 6-1.1-18.5, the department of local government finance may at any time increase the tax rate and tax levy of a political subdivision for the following reasons:

(1) To pay the principal or interest upon a funding, refunding, or judgment funding obligation of a political subdivision.

(2) To pay the interest or principal upon an outstanding obligation

C
o
p
y



of the political subdivision.

(3) To pay a judgment rendered against the political subdivision.

(4) To pay lease rentals that have become an obligation of the political subdivision under IC 21-5-11 or IC 21-5-12.

SECTION 8. IC 6-1.1-17-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 19. If there is a conflict between the provisions of this chapter and the provisions of IC 6-1.1-19 **(repealed January 1, 2006)** or IC 6-1.1-18.5, the provisions of the latter two (2) chapters control with respect to the adoption of, review of, and limitations on budgets, tax rates, and tax levies.

SECTION 9. IC 6-1.1-18-3, AS AMENDED BY P.L.224-2003, SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. (a) Except as provided in subsection (b), the sum of all tax rates for all political subdivisions imposed on tangible property within a political subdivision may not exceed:

(1) forty-one and sixty-seven hundredths cents (\$0.4167) on each one hundred dollars (\$100) of assessed valuation in territory outside the corporate limits of a city or town; or

(2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each one hundred dollars (\$100) of assessed valuation in territory inside the corporate limits of a city or town.

(b) The proper officers of a political subdivision shall fix tax rates which are sufficient to provide funds for the purposes itemized in this subsection. The portion of a tax rate fixed by a political subdivision shall not be considered in computing the tax rate limits prescribed in subsection (a) if that portion is to be used for one (1) of the following purposes:

(1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of the political subdivision.

(2) To pay the principal or interest on an outstanding obligation issued by the political subdivision if notice of the sale of the obligation was published before March 9, 1937.

(3) To pay the principal or interest upon:

(A) an obligation issued by the political subdivision to meet an emergency which results from a flood, fire, pestilence, war, or any other major disaster; or

(B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county to acquire necessary equipment or facilities for municipal or county government.

(4) To pay the principal or interest upon an obligation issued in the manner provided in IC 6-1.1-20-3 (before its repeal) or

C
o
p
y



IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

(5) To pay a judgment rendered against the political subdivision.

(6) To meet the requirements of the family and children's fund for child services (as defined in IC 12-19-7-1).

(7) To meet the requirements of the county hospital care for the indigent fund.

(8) To meet the requirements of the children's psychiatric residential treatment services fund for children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1).

(c) Except as otherwise provided in IC 6-1.1-19 (**repealed January 1, 2006**) or IC 6-1.1-18.5, a county board of tax adjustment, a county auditor, or the department of local government finance may review the portion of a tax rate described in subsection (b) only to determine if it exceeds the portion actually needed to provide for one (1) of the purposes itemized in that subsection.

SECTION 10. IC 6-1.1-18-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 11. If there is a conflict between the provisions of this chapter and the provisions of IC 6-1.1-19 (**repealed January 1, 2006**) or IC 6-1.1-18.5, the provisions of the latter two (2) chapters control with respect to the adoption of, review of, and limitations on budgets, tax rates, and tax levies.

SECTION 11. IC 6-1.1-18-12, AS ADDED BY P.L.1-2004, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 12. (a) For purposes of this section, "maximum rate" refers to the maximum:

(1) property tax rate or rates; or

(2) special benefits tax rate or rates;

referred to in the statutes listed in subsection (d).

(b) The maximum rate for taxes first due and payable after 2003 is the maximum rate that would have been determined under subsection (e) for taxes first due and payable in 2003 if subsection (e) had applied for taxes first due and payable in 2003.

(c) The maximum rate must be adjusted:

(1) each time an annual adjustment of the assessed value of real property takes effect under IC 6-1.1-4-4.5; and

(2) each time a general reassessment of real property takes effect under IC 6-1.1-4-4.

(d) The statutes to which subsection (a) refers are:

(1) IC 8-10-5-17;

(2) IC 8-22-3-11;

(3) IC 8-22-3-25;

(4) IC 12-29-1-1;

C
o
p
y



- 1 (5) IC 12-29-1-2;
- 2 (6) IC 12-29-1-3;
- 3 (7) IC 12-29-2-13;
- 4 (8) IC 12-29-3-6;
- 5 (9) IC 13-21-3-12;
- 6 (10) IC 13-21-3-15;
- 7 (11) IC 14-27-6-30;
- 8 (12) IC 14-33-7-3;
- 9 (13) IC 14-33-21-5;
- 10 (14) IC 15-1-6-2;
- 11 (15) IC 15-1-8-1;
- 12 (16) IC 15-1-8-2;
- 13 (17) IC 16-20-2-18;
- 14 (18) IC 16-20-4-27;
- 15 (19) IC 16-20-7-2;
- 16 (20) IC 16-23-1-29;
- 17 (21) IC 16-23-3-6;
- 18 (22) IC 16-23-4-2;
- 19 (23) IC 16-23-5-6;
- 20 (24) IC 16-23-7-2;
- 21 (25) IC 16-23-8-2;
- 22 (26) IC 16-23-9-2;
- 23 (27) IC 16-41-15-5;
- 24 (28) IC 16-41-33-4;
- 25 (29) IC 20-5-17.5-2 (**expires January 1, 2006**);
- 26 (30) IC 20-5-17.5-3 (**expires January 1, 2006**);
- 27 (31) IC 20-5-37-4 (**expires January 1, 2006**);
- 28 (32) IC 20-14-7-5.1;
- 29 (33) IC 20-14-7-6;
- 30 (34) IC 20-14-13-12;
- 31 (35) IC 21-1-11-3 (**expires January 1, 2006**);
- 32 (36) IC 21-2-17-2 (**repealed January 1, 2006**);
- 33 (37) IC 23-13-17-1;
- 34 (38) IC 23-14-66-2;
- 35 (39) IC 23-14-67-3;
- 36 (40) IC 36-7-13-4;
- 37 (41) IC 36-7-14-28;
- 38 (42) IC 36-7-15.1-16;
- 39 (43) IC 36-8-19-8.5;
- 40 (44) IC 36-9-6.1-2;
- 41 (45) IC 36-9-17.5-4;
- 42 (46) IC 36-9-27-73;

c
o
p
y



- 1 (47) IC 36-9-29-31:
 2 (48) IC 36-9-29.1-15;
 3 (49) IC 36-10-6-2;
 4 (50) IC 36-10-7-7;
 5 (51) IC 36-10-7-8;
 6 (52) IC 36-10-7.5-19; and
 7 (53) any statute enacted after December 31, 2003, that:
 8 (A) establishes a maximum rate for any part of the:
 9 (i) property taxes; or
 10 (ii) special benefits taxes;
 11 imposed by a political subdivision; and
 12 (B) does not exempt the maximum rate from the adjustment
 13 under this section.
 14 (e) The new maximum rate under a statute listed in subsection (d) is
 15 the tax rate determined under STEP SEVEN of the following STEPS:
 16 STEP ONE: Determine the maximum rate for the political
 17 subdivision levying a property tax or special benefits tax under the
 18 statute for the year preceding the year in which the annual
 19 adjustment or general reassessment takes effect.
 20 STEP TWO: Determine the actual percentage increase (rounded to
 21 the nearest one-hundredth percent (0.01%)) in the assessed value
 22 (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable
 23 property from the year preceding the year the annual adjustment or
 24 general reassessment takes effect to the year that the annual
 25 adjustment or general reassessment takes effect.
 26 STEP THREE: Determine the three (3) calendar years that
 27 immediately precede the ensuing calendar year and in which a
 28 statewide general reassessment of real property does not first take
 29 effect.
 30 STEP FOUR: Compute separately, for each of the calendar years
 31 determined in STEP THREE, the actual percentage increase
 32 (rounded to the nearest one-hundredth percent (0.01%)) in the
 33 assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5)
 34 of the taxable property from the preceding year.
 35 STEP FIVE: Divide the sum of the three (3) quotients computed in
 36 STEP FOUR by three (3).
 37 STEP SIX: Determine the greater of the following:
 38 (A) Zero (0).
 39 (B) The result of the STEP TWO percentage minus the STEP
 40 FIVE percentage.
 41 STEP SEVEN: Determine the quotient of the STEP ONE tax rate
 42 divided by the sum of one (1) plus the STEP SIX percentage

C
o
p
y



1 increase.

2 (f) The department of local government finance shall compute the
3 maximum rate allowed under subsection (e) and provide the rate to
4 each political subdivision with authority to levy a tax under a statute
5 listed in subsection (d).

6 SECTION 12. IC 6-1.1-18.5-9.9, AS ADDED BY P.L.272-2003,
7 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2004]: Sec. 9.9. (a) The department of local government
9 finance shall adjust the maximum property tax rate levied under the
10 statutes listed in section 9.8(a) of this chapter, IC 6-1.1-19-10
11 **(repealed January 1, 2006)**, or IC 21-2-15-11 **(repealed January 1,**
12 **2006)** in each county for property taxes first due and payable in:

13 (1) 2004;

14 (2) the year the county first applies the deduction under
15 IC 6-1.1-12-41 if the county first applies that deduction for
16 property taxes first due and payable in 2005 or 2006; and

17 (3) 2007 if the county does not apply the deduction under
18 IC 6-1.1-12-41 for any year.

19 (b) If the county does not apply the deduction under IC 6-1.1-12-41
20 for property taxes first due and payable in 2004, the department shall
21 compute the adjustment under subsection (a)(1) to allow a levy for the
22 fund for which the property tax rate is levied that equals the levy that
23 would have applied for the fund if exemptions under
24 IC 6-1.1-10-29(b)(2) did not apply for the 2003 assessment date.

25 (c) If the county applies the deduction under IC 6-1.1-12-41 for
26 property taxes first due and payable in 2004, the department shall
27 compute the adjustment under subsection (a)(1) to allow a levy for the
28 fund for which the property tax rate is levied that equals the levy that
29 would have applied for the fund if:

30 (1) exemptions under IC 6-1.1-10-29(b)(2); and

31 (2) deductions under IC 6-1.1-12-41;

32 did not apply for the 2003 assessment date.

33 (d) The department shall compute the adjustment under subsection
34 (a)(2) to allow a levy for the fund for which the property tax rate is
35 levied that equals the levy that would have applied for the fund if
36 deductions under IC 6-1.1-12-41 did not apply for the assessment date
37 of the year that immediately precedes the year for which the adjustment
38 is made.

39 (e) The department shall compute the adjustment under subsection
40 (a)(3) to allow a levy for the fund for which the property tax rate is
41 levied that equals the levy that would have applied for the fund if
42 deductions under IC 6-1.1-12-42 did not apply for the 2006 assessment

C
o
p
y



1 date.

2 SECTION 13. IC 6-1.1-20-1.1, AS AMENDED BY P.L.178-2002,
3 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2004]: Sec. 1.1. As used in this chapter, "controlled project"
5 means any project financed by bonds or a lease, except for the
6 following:

7 (1) A project for which the political subdivision reasonably expects
8 to pay:

9 (A) debt service; or

10 (B) lease rentals;

11 from funds other than property taxes that are exempt from the levy
12 limitations of IC 6-1.1-18.5 or IC 6-1.1-19 (**repealed January 1,**
13 **2006**). A project is not a controlled project even though the
14 political subdivision has pledged to levy property taxes to pay the
15 debt service or lease rentals if those other funds are insufficient.

16 (2) A project that will not cost the political subdivision more than
17 two million dollars (\$2,000,000).

18 (3) A project that is being refinanced for the purpose of providing
19 gross or net present value savings to taxpayers.

20 (4) A project for which bonds were issued or leases were entered
21 into before January 1, 1996, or where the state board of tax
22 commissioners has approved the issuance of bonds or the
23 execution of leases before January 1, 1996.

24 (5) A project that is required by a court order holding that a federal
25 law mandates the project.

26 SECTION 14. IC 6-1.1-20-1.2 IS AMENDED TO READ AS
27 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.2. As used in this
28 chapter, "debt service" means principal of and interest on bonds. The
29 term includes the repayment of an advance from the common school
30 fund under IC 21-1-5-3 **from property taxes**.

31 SECTION 15. IC 6-1.1-20-1.3 IS AMENDED TO READ AS
32 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.3. As used in this
33 chapter, "lease" means a lease by a political subdivision of any
34 controlled project with lease rentals payable from property taxes that
35 are exempt from the levy limitations of IC 6-1.1-18.5 or IC 6-1.1-19
36 (**repealed January 1, 2006**).

37 SECTION 16. IC 6-1.1-20-3.1, AS AMENDED BY P.L.1-2004,
38 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
39 JULY 1, 2004]: Sec. 3.1. A political subdivision may not impose
40 property taxes to pay debt service or lease rentals without completing
41 the following procedures:

42 (1) The proper officers of a political subdivision shall:

C
o
p
y



- (A) publish notice in accordance with IC 5-3-1; and
- (B) send notice by first class mail to any organization that delivers to the officers, before January 1 of that year, an annual written request for such notices;
- of any meeting to consider adoption of a resolution or an ordinance making a preliminary determination to issue bonds or enter into a lease and shall conduct a public hearing on a preliminary determination before adoption of the resolution or ordinance.
- (2) When the proper officers of a political subdivision make a preliminary determination to issue bonds or enter into a lease, the officers shall give notice of the preliminary determination by:
- (A) publication in accordance with IC 5-3-1; and
- (B) first class mail to the organizations described in subdivision (1)(B).
- (3) A notice under subdivision (2) of the preliminary determination of the political subdivision to issue bonds or enter into a lease must include the following information:
- (A) The maximum term of the bonds or lease.
- (B) The maximum principal amount of the bonds or the maximum lease rental for the lease.
- (C) The estimated interest rates that will be paid and the total interest costs associated with the bonds or lease.
- (D) The purpose of the bonds or lease.
- (E) A statement that any owners of real property within the political subdivision who want to initiate a petition and remonstrance process against the proposed debt service or lease payments must file a petition that complies with subdivisions (4) and (5) not later than thirty (30) days after publication in accordance with IC 5-3-1.
- (F) With respect to bonds issued or a lease entered into to open:
- (i) a new school facility; or
- (ii) an existing facility that has not been used for at least three (3) years and that is being reopened to provide additional classroom space;
- the estimated costs the school corporation expects to incur annually to operate the facility.
- (G) A statement of whether the school corporation expects to appeal as described in IC 6-1.1-19-4.4(a)(4) (**repealed January 1, 2006**) for an increased adjusted base levy to pay the estimated costs described in clause (F).
- (4) After notice is given, a petition requesting the application of a petition and remonstrance process may be filed by the lesser of:

C
o
p
y



(A) one hundred (100) owners of real property within the political subdivision; or

(B) five percent (5%) of the owners of real property within the political subdivision.

(5) The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor or the county auditor's designated printer the petition forms to be used solely in the petition process described in this section. The county auditor shall issue to an owner or owners of real property within the political subdivision the number of petition forms requested by the owner or owners. Each form must be accompanied by instructions detailing the requirements that:

(A) the carrier and signers must be owners of real property;

(B) the carrier must be a signatory on at least one (1) petition;

(C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature; and

(D) govern the closing date for the petition period.

Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners.

(6) Each petition must be verified under oath by at least one (1) qualified petitioner in a manner prescribed by the state board of accounts before the petition is filed with the county auditor under subdivision (7).

(7) Each petition must be filed with the county auditor not more than thirty (30) days after publication under subdivision (2) of the notice of the preliminary determination.

(8) The county auditor must file a certificate and each petition with:

(A) the township trustee, if the political subdivision is a township, who shall present the petition or petitions to the township board; or

(B) the body that has the authority to authorize the issuance of the bonds or the execution of a lease, if the political subdivision is not a township;

within fifteen (15) business days of the filing of the petition requesting a petition and remonstrance process. The certificate must state the number of petitioners that are owners of real property within the political subdivision.

If a sufficient petition requesting a petition and remonstrance process is not filed by owners of real property as set forth in this section, the

**C
o
p
y**



political subdivision may issue bonds or enter into a lease by following the provisions of law relating to the bonds to be issued or lease to be entered into.

SECTION 17. IC 6-1.1-20-3.2, AS AMENDED BY P.L.1-2004, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3.2. If a sufficient petition requesting the application of a petition and remonstrance process has been filed as set forth in section 3.1 of this chapter, a political subdivision may not impose property taxes to pay debt service or lease rentals without completing the following procedures:

(1) The proper officers of the political subdivision shall give notice of the applicability of the petition and remonstrance process by:

(A) publication in accordance with IC 5-3-1; and

(B) first class mail to the organizations described in section 3.1(1)(B) of this chapter.

A notice under this subdivision must include a statement that any owners of real property within the political subdivision who want to petition in favor of or remonstrate against the proposed debt service or lease payments must file petitions and remonstrances in compliance with subdivisions (2) through (4) not earlier than thirty (30) days or later than sixty (60) days after publication in accordance with IC 5-3-1.

(2) Not earlier than thirty (30) days or later than sixty (60) days after the notice under subdivision (1) is given:

(A) petitions (described in subdivision (3)) in favor of the bonds or lease; and

(B) remonstrances (described in subdivision (3)) against the bonds or lease;

may be filed by an owner or owners of real property within the political subdivision. Each signature on a petition must be dated and the date of signature may not be before the date on which the petition and remonstrance forms may be issued under subdivision (3). A petition described in clause (A) or a remonstrance described in clause (B) must be verified in compliance with subdivision (4) before the petition or remonstrance is filed with the county auditor under subdivision (4).

(3) The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor or the county auditor's designated printer the petition and remonstrance forms to be used solely in the petition and remonstrance process described in this section. The county auditor shall issue to an owner or owners of real property within the political subdivision the number

C
o
p
y



of petition or remonstrance forms requested by the owner or owners. Each form must be accompanied by instructions detailing the requirements that:

- (A) the carrier and signers must be owners of real property;
- (B) the carrier must be a signatory on at least one (1) petition;
- (C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature;
- (D) govern the closing date for the petition and remonstrance period; and
- (E) apply to the carrier under section 10 of this chapter.

Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners. The county auditor may not issue a petition or remonstrance form earlier than twenty-nine (29) days after the notice is given under subdivision (1). The county auditor shall certify the date of issuance on each petition or remonstrance form that is distributed under this subdivision.

(4) The petitions and remonstrances must be verified in the manner prescribed by the state board of accounts and filed with the county auditor within the sixty (60) day period described in subdivision (2) in the manner set forth in section 3.1 of this chapter relating to requests for a petition and remonstrance process.

(5) The county auditor must file a certificate and the petition or remonstrance with the body of the political subdivision charged with issuing bonds or entering into leases within fifteen (15) business days of the filing of a petition or remonstrance under subdivision (4), whichever applies, containing ten thousand (10,000) signatures or less. The county auditor may take an additional five (5) days to review and certify the petition or remonstrance for each additional five thousand (5,000) signatures up to a maximum of sixty (60) days. The certificate must state the number of petitioners and remonstrators that are owners of real property within the political subdivision.

(6) If a greater number of owners of real property within the political subdivision sign a remonstrance than the number that signed a petition, the bonds petitioned for may not be issued or the lease petitioned for may not be entered into. The proper officers of the political subdivision may not make a preliminary determination to issue bonds or enter into a lease for the controlled project defeated by the petition and remonstrance process under this section or any other controlled project that is not substantially

**C
o
p
y**



different within one (1) year after the date of the county auditor's certificate under subdivision (5). Withdrawal of a petition carries the same consequences as a defeat of the petition.

(7) After a political subdivision has gone through the petition and remonstrance process set forth in this section, the political subdivision is not required to follow any other remonstrance or objection procedures under any other law (including section 5 of this chapter) relating to bonds or leases designed to protect owners of real property within the political subdivision from the imposition of property taxes to pay debt service or lease rentals. However, the political subdivision must still receive the approval of the department of local government finance required by IC 6-1.1-18.5-8 or IC 6-1.1-19-8 (**repealed January 1, 2006**).

SECTION 18. IC 6-1.1-21-2, AS AMENDED BY P.L.1-2004, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5, is to be filed on or before March 1 of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units

C
o
p
y



of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the

C
o
p
y



stated assessment year under:

- (i) IC 21-2-15 (**repealed January 1, 2006**) for a capital projects fund; plus
- (ii) IC 6-1.1-19-10 (**repealed January 1, 2006**) for a racial balance fund; plus
- (iii) IC 20-14-13 for a library capital projects fund; plus
- (iv) IC 20-5-17.5-3 (**expired January 1, 2006**) for an art association fund; plus
- (v) IC 21-2-17 (**repealed January 1, 2006**) for a special education preschool fund; plus
- (vi) IC 21-2-11.6 (**repealed January 1, 2006**) for a referendum tax levy fund; plus
- (vii) an appeal filed under IC 6-1.1-19-5.1 (**repealed January 1, 2006**) for an increase in a school corporation's maximum permissible general fund levy for certain transfer tuition costs; plus
- (viii) an appeal filed under IC 6-1.1-19-5.4 (**repealed January 1, 2006**) for an increase in a school corporation's maximum permissible general fund levy for transportation operating costs; minus
- (H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under IC 6-1.1-19 (**repealed January 1, 2006**), including any increases in these property taxes that are attributable to the adjustment set forth in IC 6-1.1-19-1.5 (**repealed January 1, 2006**) or any other law; minus
- (I) for each township in the county, the lesser of:
 - (i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE, whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(4) filed after December 31, 1982; or
 - (ii) the amount of property taxes imposed in the township for the stated assessment year under the authority of IC 36-8-13-4; minus
- (J) for each participating unit in a fire protection territory established under IC 36-8-19-1, the amount of property taxes levied by each participating unit under IC 36-8-19-8 and IC 36-8-19-8.5 less the maximum levy limit for each of the

C
o
p
y



participating units that would have otherwise been available for fire protection services under IC 6-1.1-18.5-3 and IC 6-1.1-18.5-19 for that same year; minus

(K) for each county, the sum of:

(i) the amount of property taxes imposed in the county for the repayment of loans under IC 12-19-5-6 (repealed) that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or for property taxes payable in each year after 1995, the amount determined under IC 12-19-7-4(b); and

(ii) the amount of property taxes imposed in the county attributable to appeals granted under IC 6-1.1-18.6-3 that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or the amount determined under IC 12-19-7-4(b) for property taxes payable in each year after 1995; plus

(2) all taxes to be paid in the county in respect to mobile home assessments currently assessed for the year in which the taxes stated in the abstract are to be paid; plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(e).

(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes which each county auditor is required to prepare on or before March 1 of each year under IC 6-1.1-22-3.

(j) "Eligible property tax replacement amount" is equal to the sum of the following:

(1) Sixty percent (60%) of the total county tax levy imposed by

C
o
p
y



each school corporation in a county for its general fund for a stated assessment year.

(2) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property for a stated assessment year.

(3) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on tangible personal property, excluding business personal property, for an assessment year.

(k) "Business personal property" means tangible personal property (other than real property) that is being:

- (1) held for sale in the ordinary course of a trade or business; or
- (2) held, used, or consumed in connection with the production of income.

(l) "Taxpayer's property tax replacement credit amount" means the sum of the following:

- (1) Sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year.
- (2) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property.
- (3) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

(m) "Tax liability" means tax liability as described in section 5 of this chapter.

(n) "General school operating levy" means the ad valorem property tax levy of a school corporation in a county for the school corporation's general fund.

SECTION 19. IC 6-1.1-21.2-1, AS ADDED BY P.L.192-2002(ss), SECTION 44, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. (a) **Subject to subsection (c)**, this chapter applies to an allocation area established prior to January 1, 2003.

(b) **Subject to subsection (c)**, this chapter does not apply to the portion of an allocation area described under subsection (a) that is expanded after December 31, 2002.

C
o
p
y



(c) This chapter applies to an allocation area established or a part of an allocation area expanded after December 31, 2002, and before March 16, 2004, if no school corporation imposes a property tax for its general fund in the year for which a calculation is made under section 11 of this chapter.

SECTION 20. IC 6-1.1-21.2-11, AS AMENDED BY P.L.256-2003, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 11. (a) Not later than September 1 of a year in which a general reassessment does not become effective, the governing body shall estimate the tax increment replacement amount for each allocation area under the jurisdiction of the governing body for the next calendar year. In a year in which a general reassessment becomes effective, the department of local government finance may extend the deadline under this subsection by giving written notice to the governing body before the deadline.

(b) The tax increment replacement amount is the amount determined in STEP ~~THREE~~ FIVE of the following formula:

STEP ONE: The governing body shall estimate the amount of tax increment revenues it would receive in the next calendar year if the property tax replacement credits payable with respect to the general fund levies imposed by all school corporations with jurisdiction in the allocation area were determined under IC 6-1.1-21 as in effect on January 1, 2001. **If a property tax is not levied for the school general fund in the next calendar year, the amount under this STEP shall be determined using the amount of the levy imposed in 2005 for the school general fund.**

STEP TWO: The governing body shall estimate the amount of tax increment revenues it will receive in the next calendar year after implementation of the increase in the property tax credits payable under IC 6-1.1-21, as amended by the general assembly in 2002, with respect to general fund levies imposed by all school corporations with jurisdiction in the allocation area. **If a property tax is not levied for the school general fund in the next calendar year, the amount under this STEP shall be determined using the amount of the levy imposed in 2005 for the school general fund.**

STEP THREE: ~~Subtract~~ With respect to:

(A) an allocation area established or a part of an allocation area expanded after December 31, 2002, and before March 16, 2004, the amount determined under this STEP is zero (0); and

(B) an allocation area established or a part of an allocation

C
o
p
y



area expanded before January 1, 2003, the amount of this step is the result determined by subtracting the STEP TWO amount from the STEP ONE amount.

STEP FOUR: For years:

(A) ending before January 1, 2006, the amount determined under this STEP is zero (0); and

(B) beginning after December 31, 2005, the amount determined under this STEP is the tax increment revenues an allocation area received in 2005 with respect to the general fund levies imposed by all school corporations with jurisdiction in the allocation area.

STEP FIVE: Determine the sum of the STEP THREE amount and the STEP FOUR amount.

SECTION 21. IC 6-1.1-21.2-14, AS AMENDED BY P.L.256-2003, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005]: Sec. 14. (a) The department of local government finance shall approve an appeal filed under section 13 of this chapter if the department determines that:

(1) the governing body's estimate of the tax replacement amount under section 11 of this chapter is reasonable;

(2) a tax levy in excess of the amount determined under section 12(d) of this chapter would:

(A) create a significant financial hardship on taxpayers residing in the district in which the governing body exercises jurisdiction;

(B) significantly reduce the benefits from the increase in the property tax credits payable under IC 6-1.1-21, as amended by the general assembly in 2002, with respect to general fund levies imposed by all school corporations with jurisdiction in the district **or significantly reduce the benefits of the elimination of school property tax levies after December 31, 2005;** or

(C) have a disproportionate impact on small businesses or low income families or individuals; and

(3) the governing body has made reasonable efforts to limit its use of the special fund for the allocation area to appropriations for payments of:

(A) the principal and interest on loans or bonds;

(B) lease rentals on leases;

(C) amounts due on other contractual obligations; and

(D) additional credits described in IC 8-22-3.5-10(a), IC 36-7-14-39.5(c), IC 36-7-14.5-12.5(d)(5), IC 36-7-15.1-26.5(e), IC 36-7-15.1-35(d), or IC 36-7-30-25(b)(2)(E).

C
o
p
y



(b) In a year in which a general reassessment does not become effective, the department of local government finance shall make a final determination on an appeal filed under this section by December 1 of the year. In a year in which a general reassessment becomes effective, the department may extend the deadline under this subsection by giving written notice to the appellant before the deadline.

(c) If the department approves an appeal filed under this section, it shall order a distribution from the property tax replacement fund in the amount determined under section 13(b) of this chapter in the same manner as distributions are made under IC 6-1.1-21-4.

(d) If the department denies an appeal filed under section 13 of this chapter, or does not grant the maximum permissible distribution under section 13(b) of this chapter, the legislative body of the unit that established the district may increase the levy imposed under this chapter to an amount that, when combined with any distribution received under this chapter, does not exceed the tax increment replacement amount.

SECTION 22. IC 6-1.1-21.5-5, AS AMENDED BY P.L.291-2001, SECTION 209, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. (a) The board shall determine the terms of a loan made under this chapter. However, interest may not be charged on the loan, and the loan must be repaid not later than ten (10) years after the date on which the loan was made.

(b) The loan shall be repaid only from property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5 or IC 6-1.1-19 (**repealed January 1, 2006**). The payment of any installment of principal constitutes a first charge against such property tax revenues as collected by the qualified taxing unit during the calendar year the installment is due and payable.

(c) The obligation to repay the loan is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19 (**repealed January 1, 2006**).

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section may not be construed to prevent the qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

SECTION 23. IC 6-1.1-21.5-6, AS AMENDED BY P.L.90-2002, SECTION 202, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 6. (a) The receipt by the qualified

C
o
p
y



1 taxing unit of the loan proceeds is not considered to be part of the ad
 2 valorem property tax levy actually collected by the qualified taxing unit
 3 for taxes first due and payable during a particular calendar year for the
 4 purpose of calculating the levy excess under IC 6-1.1-18.5-17 and
 5 IC 6-1.1-19-1.7 **(repealed January 1, 2006)**. The receipt by the
 6 qualified taxing unit of any payment of delinquent tax owed by a
 7 taxpayer in bankruptcy is considered to be part of the ad valorem
 8 property tax levy actually collected by the qualified taxing unit for
 9 taxes first due and payable during a particular calendar year for the
 10 purpose of calculating the levy excess under IC 6-1.1-18.5-17 and
 11 IC 6-1.1-19-1.7 **(repealed January 1, 2006)**.

12 (b) The loan proceeds and any payment of delinquent tax may be
 13 expended by the qualified taxing unit only to pay debts of the qualified
 14 taxing unit that have been incurred pursuant to duly adopted
 15 appropriations approved by the department of local government finance
 16 for operating expenses.

17 (c) In the event the sum of the receipts of the qualified taxing unit
 18 that are attributable to:

19 (1) the loan proceeds; and

20 (2) the payment of property taxes owed by a taxpayer in a
 21 bankruptcy proceeding initially filed in 2000 and payable in 2001;
 22 exceeds sixteen million dollars (\$16,000,000), the excess as received
 23 during any calendar year or years shall be set aside and treated for the
 24 calendar year when received as a levy excess subject to
 25 IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7 **(repealed January 1, 2006)**. In
 26 calculating the payment of property taxes as provided in subdivision
 27 (2), the amount of property tax credit finally allowed under
 28 IC 6-1.1-21-5 in respect to such taxes is deemed to be a payment of
 29 such property taxes.

30 (d) As used in this section, "delinquent tax" means any tax owed by
 31 a taxpayer in a bankruptcy proceeding initially filed in 2000 and that
 32 is not paid during the calendar year for which it was first due and
 33 payable.

34 SECTION 24. IC 6-1.1-21.6-1, AS AMENDED BY P.L.1-2002,
 35 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JULY 1, 2004]: Sec. 1. Before January 1, 2002, a school corporation
 37 may apply to the school property tax control board for a
 38 recommendation concerning a distribution to the school corporation
 39 from the property tax replacement fund. The school property tax
 40 control board shall recommend a distribution from the fund to the
 41 school corporation if the board finds that the following conditions are
 42 met:

C
o
p
y



(1) At least two (2) installments of personal and real property taxes due on tangible property subject to taxation by the school corporation are delinquent.

(2) The assessed value of the tangible property described in subdivision (1) is at least nine percent (9%) of the assessed value of all tangible property subject to taxation by the school corporation.

(3) The school corporation has experienced and will continue to experience a significant revenue shortfall as a result of the default.

(4) The school corporation is presented with unique fiscal challenges to finance its operations due to the taxpayer's filing of a petition under the federal bankruptcy code.

This section expires January 1, 2006.

SECTION 25. IC 6-1.1-21.6-2, AS AMENDED BY P.L.90-2002, SECTION 203, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. If the school property tax control board recommends a distribution from the property tax replacement fund under section 1 of this chapter, the school property tax control board shall immediately forward a copy of its recommendation and findings to the department of local government finance. The department of local government finance shall review the recommendation and findings of the school property tax control board and may approve, modify and approve, or reject the recommendation of the school property tax control board. The department of local government finance may not approve a distribution from the property tax replacement fund that exceeds the amount of the school corporation's property tax shortfall attributable to the delinquent installment or installments of property taxes described in section 1 of this chapter, as determined by the department. **This section expires January 1, 2006.**

SECTION 26. IC 6-1.1-21.7-6, AS AMENDED BY P.L.90-2002, SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 6. (a) A taxing unit may apply for a loan under this chapter.

(b) A taxing unit qualifies for a loan under this chapter for a fund if:

(1) the United States Congress limits or terminates its authorization for a taxing unit to impose a property tax on a taxpayer;

(2) the lost revenue for at least one (1) fund, as determined under section 10, STEP THREE of this chapter, is at least five percent (5%) of the property tax revenues for the fund that the taxing unit would have received in the current year if the United States Congress had not limited or terminated payments from the

C
o
p
y



taxpayer to the taxing unit, as determined under section 10, STEP TWO of this chapter; and

(3) the taxing unit appeals to the department of local government finance for emergency financial relief under this chapter in the same manner as an appeal for emergency relief under IC 6-1.1-18.5-12 or IC 6-1.1-19-4 (**repealed January 1, 2006**).

The appeal required under subdivision (3) may be filed at any time.

(c) A taxing unit may receive a loan to replace lost revenue only for the first five (5) years in which the taxing unit loses revenue as a result of an act of the United States Congress described in subsection (b)(1).

SECTION 27. IC 6-1.1-21.7-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 14. Loan proceeds received under this chapter may not be considered to be a levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7 (**repealed January 1, 2006**).

SECTION 28. IC 6-1.1-21.8-4, AS AMENDED BY P.L.267-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) The board shall determine the terms of a loan made under this chapter. However, the interest charged on the loan may not exceed the percent of increase in the United States Department of Labor Consumer Price Index for Urban Wage Earners and Clerical Workers during the most recent twelve (12) month period for which data is available as of the date that the unit applies for a loan under this chapter. In the case of a qualified taxing unit that is not a school corporation or a public library (as defined in IC 20-14-1-2), a loan must be repaid not later than ten (10) years after the date on which the loan was made. In the case of a qualified taxing unit that is a school corporation or a public library (as defined in IC 20-14-1-2), a loan must be repaid not later than eleven (11) years after the date on which the loan was made. A school corporation or a public library (as defined in IC 20-14-1-2) is not required to begin making payments to repay a loan until after June 30, 2004. The total amount of all the loans made under this chapter may not exceed twenty-eight million dollars (\$28,000,000). The board may disburse the proceeds of a loan in installments. However, not more than one-third (1/3) of the total amount to be loaned under this chapter may be disbursed at any particular time without the review of the budget committee and the approval of the budget agency.

(b) A loan made under this chapter shall be repaid only from:

(1) property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5 or IC 6-1.1-19 (**repealed January 1, 2006**); or

C
o
p
y



(2) any other source of revenues (other than property taxes) that is legally available to the qualified taxing unit.

The payment of any installment of principal constitutes a first charge against the property tax revenues described in subdivision (1) that are collected by the qualified taxing unit during the calendar year the installment is due and payable.

(c) The obligation to repay a loan made under this chapter is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19 **(repealed January 1, 2006)**.

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section does not prohibit a qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

(f) Interest accrues on a loan made under this chapter until the date the board receives notice from the county auditor that the county has adopted at least one (1) of the following:

(1) The county adjusted gross income tax under IC 6-3.5-1.1.

(2) The county option income tax under IC 6-3.5-6.

(3) The county economic development income tax under IC 6-3.5-7.

Notwithstanding subsection (a), interest may not be charged on a loan made under this chapter if a tax described in this subsection is adopted before a qualified taxing unit applies for the loan.

SECTION 29. IC 6-1.1-21.8-6, AS ADDED BY P.L.157-2002, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 6. (a) As used in this section, "delinquent tax" means any tax:

(1) owed by a taxpayer in a bankruptcy proceeding initially filed in 2001; and

(2) not paid during the calendar year in which it was first due and payable.

(b) Except as provided in subsection (d), the proceeds of a loan received by the qualified taxing unit under this chapter are not considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7 **(repealed January 1, 2006)**. The receipt by a qualified taxing unit of any payment of delinquent tax owed by a taxpayer in bankruptcy is considered to be

C
o
p
y



part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7 **(repealed January 1, 2006)**.

(c) The proceeds of a loan made under this chapter must first be used to retire any outstanding loans made by the department of commerce to cover a qualified taxing unit's revenue shortfall resulting from the taxpayer's default on property tax payments. Any remaining proceeds of a loan made under this chapter and any payment of delinquent taxes by the taxpayer may be expended by the qualified taxing unit only to pay obligations of the qualified taxing unit that have been incurred under appropriations for operating expenses made by the qualified taxing unit and approved by the department of local government finance.

(d) If the sum of the receipts of a qualified taxing unit that are attributable to:

(1) the loan proceeds; and

(2) the payment of property taxes owed by a taxpayer in a bankruptcy proceeding and payable in November 2001, May 2002, or November 2002;

exceeds the sum of the taxpayer's property tax liability attributable to the qualified taxing unit for property taxes payable in November 2001, May 2002, and November 2002, the excess as received during any calendar year or years shall be set aside and treated for the calendar year when received as a levy excess subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7 **(repealed January 1, 2006)**. In calculating the payment of property taxes as referred to in subdivision (2), the amount of property tax credit finally allowed under IC 6-1.1-21-5 in respect to those taxes is considered to be a payment of those property taxes.

SECTION 30. IC 6-1.1-29-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. Except as provided in section 9 of this chapter, each county shall have a county board of tax adjustment composed of seven (7) members. The members of the county board of tax adjustment shall be selected as follows:

(1) The county fiscal body shall appoint a member of the body to serve as a member of the county board of tax adjustment.

(2) Either the executive of the largest city in the county or a public official of any city in the county appointed by that executive shall serve as a member of the board. However, if there is no incorporated city in the county, the fiscal body of the largest incorporated town of the county shall appoint a member of the body to serve as a member of the county board of tax adjustment.

C
o
p
y



(3) The governing body of the school corporation, located entirely or partially within the county, which has the greatest taxable valuation of any school corporation of the county shall appoint a member of the governing body to serve as a member of the county board of tax adjustment, **if the school corporation will impose a property tax in the ensuing year, or otherwise the county executive.**

(4) The remaining four (4) members of the county board of tax adjustment must be residents of the county and freeholders and shall be appointed by the board of commissioners of the county.

SECTION 31. IC 6-1.1-29-9, AS AMENDED BY P.L.224-2003, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. (a) A county council may adopt an ordinance to abolish the county board of tax adjustment. This ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 6-1.1-19 (**repealed January 1, 2006**), IC 12-19-7, IC 12-19-7.5, IC 21-2-14 (**repealed January 1, 2006**), IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance is adopted, this section governs the treatment of tax rates, tax levies, and budgets that would otherwise be reviewed by a county board of tax adjustment under IC 6-1.1-17.

(b) The time requirements set forth in IC 6-1.1-17 govern all filings and notices.

(c) A tax rate, tax levy, or budget that otherwise would be reviewed by the county board of tax adjustment is considered and must be treated for all purposes as if the county board of tax adjustment approved the tax rate, tax levy, or budget. This includes the notice of tax rates that is required under IC 6-1.1-17-12.

SECTION 32. IC 6-1.1-33.5-3, AS AMENDED BY P.L.256-2003, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. The division of data analysis shall:

- (1) conduct continuing studies in the areas in which the department of local government finance operates;
- (2) make periodic field surveys and audits of:
 - (A) tax rolls;
 - (B) plat books;
 - (C) building permits;
 - (D) real estate transfers; and
 - (E) other data that may be useful in checking property valuations or taxpayer returns;
- (3) make test checks of property valuations to serve as the bases for

C
o
p
y



special reassessments under this article;
 (4) conduct biennially a coefficient of dispersion study for each township and county in Indiana;
 (5) conduct quadrennially a sales assessment ratio study for each township and county in Indiana;
 (6) compute school assessment ratios under IC 6-1.1-34 **for years before January 1, 2006**; and
 (7) report annually to the executive director of the legislative services agency, in a form prescribed by the legislative services agency, the information obtained or determined under this section for use by the executive director and the general assembly, including:

(A) all information obtained by the division of data analysis from units of local government; and

(B) all information included in:

(i) the local government data base; and

(ii) any other data compiled by the division of data analysis.

SECTION 33. IC 6-2.5-2-2, AS AMENDED BY P.L.192-2002(ss), SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005]: Sec. 2. (a) **On a retail unitary transaction before February 1, 2006**, the state gross retail tax is measured by the gross retail income received by a retail merchant in a retail unitary transaction and is imposed at the following rates:

STATE	GROSS RETAIL INCOME		
GROSS	FROM THE		
RETAIL	RETAIL UNITARY		
TAX	TRANSACTION		
\$ 0	less than		\$0.09
\$ 0.01	at least \$ 0.09	but less than	\$0.25
\$ 0.02	at least \$ 0.25	but less than	\$0.42
\$ 0.03	at least \$ 0.42	but less than	\$0.59
\$ 0.04	at least \$ 0.59	but less than	\$0.75
\$ 0.05	at least \$ 0.75	but less than	\$0.92
\$ 0.06	at least \$ 0.92	but less than	\$1.09

On a retail unitary transaction **before February 1, 2006**, in which the gross retail income received by the retail merchant is one dollar and nine cents (\$1.09) or more, the state gross retail tax is six percent (6%) of that gross retail income. **On a retail unitary transaction after January 31, 2006, the state gross retail tax is measured by the gross retail income received by a retail merchant in a retail unitary transaction and is imposed at the following rates:**

STATE GROSS RETAIL INCOME

C
o
p
y



GROSS RETAIL TAX	FROM THE RETAIL UNITARY TRANSACTION	
\$ 0	less than	\$0.12
\$ 0.01	at least \$ 0.12 but less than	\$0.35
\$ 0.02	at least \$ 0.35 but less than	\$0.58
\$ 0.03	at least \$ 0.58 but less than	\$0.81
\$ 0.04	at least \$ 0.81 but less than	\$1.04
\$ 0.05	at least \$ 1.04 but less than	\$1.28

On a retail unitary transaction after January 31, 2006, in which the gross retail income received by the retail merchant is one dollar and twenty-eight cents (\$1.28) or more, the state gross retail tax is four and thirty-three hundredths percent (4.33%) of that gross retail income.

(b) If the tax, computed under subsection (a), results in a fraction of one-half cent (\$0.005) or more, the amount of the tax shall be rounded to the next additional cent.

SECTION 12. IC 6-2.5-4-4.5, AS ADDED BY P.L.224-2003, SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005]: Sec. 4.5. (a) A person is a retail merchant making a retail transaction when the person furnishes rooms or lodgings to another person on a complimentary basis if:

(1) the rooms or lodgings are furnished for periods of less than thirty (30) days; and

(2) the rooms or lodgings are located in a hotel, motel, inn, tourist camp, tourist cabin, or other place where rooms or lodgings are regularly furnished for consideration.

(b) The state gross retail tax applicable to a retail transaction described in subsection (a) is measured by the amount of gross retail income attributed to the transaction under this subsection. The amount of gross retail income attributed to a retail transaction described in subsection (a) is equal to the amount of gross retail income received by the retail merchant from renting a comparable room or lodging on the date the complimentary room or lodging is provided. The state gross retail tax imposed on a retail transaction described in subsection (a) is **before February 1, 2006**, six percent (6%), **and after January 31, 2006**, **four and thirty-three hundredths percent (4.33%)** of the gross retail income attributed to the transaction.

SECTION 34. IC 6-2.5-6-7, AS AMENDED BY P.L.192-2002(ss), SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005]: Sec. 7. Except as otherwise provided in IC 6-2.5-7 or in this chapter, a retail merchant shall pay to the

C
o
p
y



department, for a particular reporting period, an amount equal to the product of:

- (1) **before February 1, 2006**, six percent (6%), **and after January 31, 2006, four and thirty-three hundredths percent (4.33%)**; multiplied by
- (2) the retail merchant's total gross retail income from taxable transactions made during the reporting period.

The amount determined under this section is the retail merchant's state gross retail and use tax liability regardless of the amount of tax ~~he~~ **the retail merchant** actually collects.

SECTION 35. IC 6-2.5-6-8, AS AMENDED BY P.L.192-2002(ss), SECTION 61, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005]: Sec. 8. (a) For purposes of determining the amount of state gross retail and use taxes which ~~he~~ **a retail merchant** must remit under section 7 of this chapter, a retail merchant may exclude from ~~his~~ **the retail merchant's** gross retail income from retail transactions made during a particular reporting period, an amount equal to the product of:

- (1) the amount of that gross retail income; multiplied by
- (2) the retail merchant's "income exclusion ratio" for the tax year which contains the reporting period.

(b) A retail merchant's "income exclusion ratio" for a particular tax year equals a fraction, the numerator of which is the retail merchant's estimated total gross retail income for the tax year from unitary retail transactions which produce gross retail income of less than:

- (1) **for retail transactions before February 1, 2006**, nine cents (\$0.09) each; **and**
- (2) **for retail transactions after January 31, 2006, twelve cents (\$0.12) each;** a

nd the denominator of which is the retail merchant's estimated total gross retail income for the tax year from all retail transactions.

(c) In order to minimize a retail merchant's recordkeeping requirements, the department shall prescribe a procedure for determining the retail merchant's income exclusion ratio for a tax year, based on a period of time, not to exceed fifteen (15) consecutive days, during the first quarter of the retail merchant's tax year. However, the period of time may be changed if the change is requested by the retail merchant because of ~~his~~ **the retail merchant's** peculiar accounting procedures or marketing factors. In addition, if a retail merchant has multiple sales locations or diverse types of sales, the department shall permit the retail merchant to determine the ratio on the basis of a representative sampling of the locations and types of sales.

C
o
p
y



SECTION 36. IC 6-2.5-6-10, AS AMENDED BY P.L.192-2002(ss), SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005]: Sec. 10. (a) In order to compensate retail merchants for collecting and timely remitting the state gross retail tax and the state use tax, every retail merchant, except a retail merchant referred to in subsection (c), is entitled to deduct and retain from the amount of those taxes otherwise required to be remitted under IC 6-2.5-7-5 or under this chapter, if timely remitted, a retail merchant's collection allowance.

(b) The allowance equals, **before February 1, 2006**, eighty-three hundredths percent (0.83%) **and, after January 31, 2006, one and fifteen hundredths percent (1.15%)** of the retail merchant's state gross retail and use tax liability accrued during a reporting period.

(c) A retail merchant described in IC 6-2.5-4-5 or IC 6-2.5-4-6 is not entitled to the allowance provided by this section.

SECTION 37. IC 6-2.5-7-3, AS AMENDED BY P.L.192-2002(ss), SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005]: Sec. 3. (a) With respect to the sale of gasoline which is dispensed from a metered pump, a retail merchant shall collect, for each unit of gasoline sold, state gross retail tax in an amount equal to the product, rounded to the nearest one-tenth of one cent (\$0.001), of:

(1) the price per unit before the addition of state and federal taxes; multiplied by

(2) **before February 1, 2006**, six percent (6%), **and after January 31, 2006, four and thirty-three hundredths percent (4.33%).**

The retail merchant shall collect the state gross retail tax prescribed in this section even if the transaction is exempt from taxation under IC 6-2.5-5.

(b) With respect to the sale of special fuel or kerosene which is dispensed from a metered pump, unless the purchaser provides an exemption certificate in accordance with IC 6-2.5-8-8, a retail merchant shall collect, for each unit of special fuel or kerosene sold, state gross retail tax in an amount equal to the product, rounded to the nearest one-tenth of one cent (\$0.001), of:

(1) the price per unit before the addition of state and federal taxes; multiplied by

(2) **before February 1, 2006**, six percent (6%), **and after January 31, 2006, four and thirty-three hundredths percent (4.33%).**

Unless the exemption certificate is provided, the retail merchant shall

C
o
p
y



1 collect the state gross retail tax prescribed in this section even if the
2 transaction is exempt from taxation under IC 6-2.5-5.

3 SECTION 38. IC 6-2.5-7-5, AS AMENDED BY P.L.192-2002(ss),
4 SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JANUARY 1, 2005]: Sec. 5. (a) Each retail merchant who dispenses
6 gasoline or special fuel from a metered pump shall, in the manner
7 prescribed in IC 6-2.5-6, report to the department the following
8 information:

9 (1) The total number of gallons of gasoline sold from a metered
10 pump during the period covered by the report.

11 (2) The total amount of money received from the sale of gasoline
12 described in subdivision (1) during the period covered by the
13 report.

14 (3) That portion of the amount described in subdivision (2) which
15 represents state and federal taxes imposed under this article,
16 IC 6-6-1.1, or Section 4081 of the Internal Revenue Code.

17 (4) The total number of gallons of special fuel sold from a metered
18 pump during the period covered by the report.

19 (5) The total amount of money received from the sale of special
20 fuel during the period covered by the report.

21 (6) That portion of the amount described in subdivision (5) that
22 represents state and federal taxes imposed under this article,
23 IC 6-6-2.5, or Section 4041 of the Internal Revenue Code.

24 (b) Concurrently with filing the report, the retail merchant shall remit
25 the state gross retail tax in an amount which equals, **before February**
26 **1, 2006**, five and sixty-six hundredths percent (5.66%) of the gross
27 receipts **and, after January 31, 2006, four and fifteen hundredths**
28 **percent (4.15%)**, including state gross retail taxes but excluding
29 Indiana and federal gasoline and special fuel taxes, received by the
30 retail merchant from the sale of the gasoline and special fuel that is
31 covered by the report and on which the retail merchant was required to
32 collect state gross retail tax. The retail merchant shall remit that
33 amount regardless of the amount of state gross retail tax which ~~he~~ **the**
34 **retail merchant** has actually collected under this chapter. However,
35 the retail merchant is entitled to deduct and retain the amounts
36 prescribed in subsection (c), IC 6-2.5-6-10, and IC 6-2.5-6-11.

37 (c) A retail merchant is entitled to deduct from the amount of state
38 gross retail tax required to be remitted under subsection (b) an amount
39 equal to:

40 (1) the sum of the prepayment amounts made during the period
41 covered by the retail merchant's report; minus

42 (2) the sum of prepayment amounts collected by the retail

C
o
p
y



merchant, in the merchant's capacity as a qualified distributor,
during the period covered by the retail merchant's report.

For purposes of this section, a prepayment of the gross retail tax is
presumed to occur on the date on which it is invoiced.

SECTION 39. IC 6-2.5-10-1, AS AMENDED BY P.L.192-2002(ss),
SECTION 65, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
JANUARY 1, 2005]: Sec. 1. (a) The department shall account for all
state gross retail and use taxes that it collects.

(b) The department shall deposit **the following percentage of those
collections in the following manner: funds:**

(1) ~~Fifty percent (50%) of the collections shall be paid~~ Into the
property tax replacement fund established under IC 6-1.1-21:

(A) before March 1, 2006, fifty percent (50%); and

**(B) after February 28, 2006, twenty-seven and eight hundred
sixty-nine thousandths percent (27.869%).**

(2) ~~Forty-nine and one hundred ninety-two thousandths percent
(49.192%) of the collections shall be paid~~ Into the state general
fund:

**(A) before March 1, 2006, forty-nine and one hundred
ninety-two thousandths percent (49.192%); and**

**(B) after February 28, 2006, seventy and nine hundred
sixty-five thousandths percent (70.965%).**

(3) ~~Six hundred thirty-five thousandths of one percent (0.635%) of
the collections shall be paid~~ Into the public mass transportation
fund established by IC 8-23-3-8:

**(A) before March 1, 2006, six hundred thirty-five
thousandths of one percent (0.635%); and**

**(B) after February 28, 2006, nine hundred sixteen
thousandths of one percent (0.916%).**

(4) ~~Thirty-three thousandths of one percent (0.033%) of the
collections shall be deposited~~ Into the industrial rail service fund
established under IC 8-3-1.7-2:

**(A) before March 1, 2006, thirty-three thousandths of one
percent (0.033%); and**

**(B) after February 28, 2006, forty-eight thousandths of one
percent (0.048%).**

(5) Fourteen-hundredths of one percent (0.14%) of the collections
shall be deposited into the commuter rail service fund established
under IC 8-3-1.5-20.5:

**(A) before March 1, 2006, fourteen-hundredths of one
percent (0.14%); and**

(B) after February 28, 2006, two hundred two thousandths of

**C
o
p
y**



one percent (0.202%).

SECTION 40. IC 6-3-2-1, AS AMENDED BY P.L.192-2002(ss), SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005]: Sec. 1. (a) Each taxable year, a tax at the rate of:

(1) for taxable years beginning before January 1, 2006, three and four-tenths percent (3.4%) of adjusted gross income; and

(2) for taxable years beginning after December 31, 2005, two and ninety-five hundredths percent (2.95%) of adjusted gross income;

is imposed upon the adjusted gross income of every resident person, and on that part of the adjusted gross income derived from sources within Indiana of every nonresident person.

(b) Each taxable year, a tax at the rate of eight and five-tenths percent (8.5%) of adjusted gross income is imposed on that part of the adjusted gross income derived from sources within Indiana of every corporation.

SECTION 41. IC 6-3.5-1.1-10, AS AMENDED BY P.L.42-2003, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 10. (a) Except as provided in subsection (b), one-half (1/2) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 8 of this chapter to the appropriate county treasurer on May 1 and the other one-half (1/2) on November 1 of that calendar year.

(b) This subsection applies to a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000). Notwithstanding section 9 of this chapter, the initial certified distribution certified for a county under section 9 of this chapter shall be distributed to the county treasurer from the account established for the county under section 8 of this chapter according to the following schedule during the eighteen (18) month period beginning on July 1 of the year in which the county initially adopts an ordinance under section 2 of this chapter:

(1) One-fourth (1/4) on October 1 of the year in which the ordinance was adopted.

(2) One-fourth (1/4) on January 1 of the calendar year following the year in which the ordinance was adopted.

(3) One-fourth (1/4) on May 1 of the calendar year following the year in which the ordinance was adopted.

(4) One-fourth (1/4) on November 1 of the calendar year following the year in which the ordinance was adopted.

Notwithstanding section 11 of this chapter, the part of the certified distribution received under subdivision (1) that would otherwise be allocated to a civil taxing unit or school corporation as property tax

C
o
p
y



replacement credits under section 11 of this chapter shall be set aside and treated for the calendar year when received by the civil taxing unit or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7 **(repealed January 1, 2006)**. Certified distributions made to the county treasurer for calendar years following the eighteen (18) month period described in this subsection shall be made as provided in subsection (a).

(c) Except for:

(1) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;

(2) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, or equipping facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

(3) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7 2.9, or 3.3 of this chapter;

(4) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; or

(5) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter;

distributions made to a county treasurer under subsections (a) and (b) shall be treated as though they were property taxes that were due and payable during that same calendar year. Except as provided by subsection (b), the certified distribution shall be distributed and used by the taxing units and school corporations as provided in sections 11 through 15 of this chapter.

(d) All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

SECTION 42. IC 6-3.5-1.1-14, AS AMENDED BY P.L.90-2002, SECTION 295, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 14. (a) In determining the amount of property tax replacement credits civil taxing units and school corporations of a county are entitled to receive during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property that was assessed in that

C
o
p
y



1 county.

2 (b) If a civil taxing unit or a school corporation is located in more
3 than one (1) county and receives property tax replacement credits from
4 one (1) or more of the counties, then the property tax replacement
5 credits received from each county shall be used only to reduce the
6 property tax rates that are imposed within the county that distributed
7 the property tax replacement credits.

8 (c) A civil taxing unit shall treat any property tax replacement credits
9 that it receives or is to receive during a particular calendar year as a
10 part of its property tax levy for that same calendar year for purposes of
11 fixing its budget and for purposes of the property tax levy limits
12 imposed by IC 6-1.1-18.5.

13 (d) A school corporation shall treat any property tax replacement
14 credits that the school corporation receives or is to receive during a
15 particular calendar year as a part of its property tax levy for its general
16 fund, debt service fund, capital projects fund, transportation fund, and
17 special education preschool fund in proportion to the levy for each of
18 these funds for that same calendar year for purposes of fixing its budget
19 and for purposes of the property tax levy limits imposed by IC 6-1.1-19
20 **(repealed January 1, 2006)**. A school corporation shall allocate the
21 property tax replacement credits described in this subsection to all five
22 (5) funds in proportion to the levy for each fund.

23 SECTION 43. IC 6-3.5-9 IS ADDED TO THE INDIANA CODE AS
24 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
25 JANUARY 1, 2005]:

26 **Chapter 9. School Option Income Tax**

27 **Sec. 1. As used in this chapter, "adjusted gross income" has the**
28 **same definition that the term is given in IC 6-3-1-3.5(a), except that**
29 **in the case of a school district taxpayer who is not a resident of a**
30 **school district that has imposed the school option income tax, the**
31 **term includes only adjusted gross income derived from the**
32 **taxpayer's principal place of business or employment.**

33 **Sec. 2. As used in this chapter, "governing body" has the**
34 **meaning set forth in IC 20-5-1-3.**

35 **Sec. 3. As used in this chapter, "school district taxpayer" as it**
36 **relates to a school district for a year means any individual:**

- 37 (1) who resides in that school district on the date specified in
38 section 24 of this chapter; or
39 (2) who maintains the taxpayer's principal place of business or
40 employment in that school district on the date specified in
41 section 24 of this chapter and who does not on that same date
42 reside in another school district in which the school option

C
o
p
y



income tax, the school district option income tax, or the school district economic development income tax is in effect.

Sec. 4. As used in this chapter, "charter school" means a charter school (as defined in IC 20-5.5-1-4), including a conversion charter school (as defined in IC 20-5.5-1-5).

Sec. 5. As used in this chapter, "department" refers to the department of state revenue.

Sec. 6. As used in this chapter, "nonresident school district taxpayer" as it relates to a school district for a year means any school district taxpayer for that school district for that year who is not a resident school district taxpayer of that school district for that year.

Sec. 7. "Resident school district taxpayer" as it relates to a school district for a year means any school district taxpayer who resides in that school district on the date specified in section 24 of this chapter.

Sec. 8. "School corporation" means any of the following:

(1) A school corporation (as defined in IC 20-5-1-3).

(2) A school township.

The term does not include a charter school.

Sec. 9. The governing body of a school corporation may impose the school option income tax on the adjusted gross income of school district taxpayers of its school district effective July 1 of that year, regardless of whether a county adjusted gross income tax, a county option income tax, or a county economic development income tax has been imposed in any county where the school corporation is located.

Sec. 10. Subject to sections 11 and 12 of this chapter, the school option income tax may be imposed at a rate not greater than three percent (3%) on the adjusted gross income of resident school district taxpayers of the school district. Any school district imposing the school option income tax must impose the tax on the nonresident school district taxpayers at a rate of one-fourth of one percent (0.25%) on their adjusted gross income. If the governing body of the school corporation elects to increase or decrease the school option income tax, the governing body of the school corporation may increase or decrease the school option income tax rate in increments of one-tenth of one percent (0.1%).

Sec. 11. The maximum school option income tax rate that may be imposed under this chapter is reduced by the amount of any ad valorem property tax levy imposed to pay debt service (as defined in IC 21-2-4-2) obligations incurred as a result of:

**C
o
p
y**



(1) an agreement entered into by the governing body of a school corporation before March 16, 2004; or

(2) an agreement entered into by the governing body of a school corporation after March 15, 2004, to refinance or refund a debt service obligation incurred as a result of an agreement entered into by the governing body of a school corporation before March 16, 2004.

Sec. 12. A school option income tax rate imposed under this chapter for a fiscal year may not exceed the amount necessary (after deducting financial institution excise tax revenue (IC 6-5.5), motor vehicle excise taxes (IC 6-6-5), and the commercial vehicle excise taxes (IC 6-6-5.5) received by the school corporation in the calendar year preceding the year in which a fiscal year begins by two (2) years) to:

(1) fund the appropriations budgeted by the school for the calendar year that begins immediately after the beginning of the fiscal year; and

(2) make distributions to a rainy day fund under IC 36-1-8-5.1.

Sec. 13. (a) To impose the school option income tax, the governing body of the school corporation must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The governing body of the _____ (insert name of school corporation) imposes the school option income tax on the school district taxpayers of _____ (insert name of school corporation) school district. The school option income tax is imposed at a rate of _____ percent (____%) on the resident school district taxpayers of the school district and one-fourth of one percent (0.25%) on the nonresident school district taxpayers of the school district. The taxpayer's tax takes effect July 1 of the taxpayer's year."

(b) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(c) The secretary of the governing body of a school corporation shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

Sec. 14. (a) The governing body of the school corporation may increase the school option income tax rate imposed upon the resident school district taxpayers of the school district. To increase the rate, the governing body of the school corporation must, after January 1 but before April 1 of a year, adopt an ordinance. The

**C
o
p
y**



ordinance must substantially state the following:

"The governing body of the _____ (insert name of school corporation) increases the school option income tax rate imposed upon the resident school district taxpayers of the school district from _____ percent (___%) to _____ percent (___%). The taxpayer's tax rate increase takes effect July 1 of the taxpayer's year."

(b) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(c) The secretary of the governing body of the school corporation shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

Sec. 15. (a) The governing body of the school corporation may increase or decrease the school option income tax rate imposed upon the resident school district taxpayers of the school district. To increase or decrease the rate, the governing body of the school corporation must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The governing body of the _____ (insert name of school corporation) increases/decreases (insert appropriate term) the school option income tax rate imposed upon the resident school district taxpayers of the school district from _____ percent (___%) to _____ percent (___%). The taxpayer's tax rate increase/decrease (insert appropriate term) takes effect July 1 of the taxpayer's year."

(b) A governing body of the school corporation may not decrease the school option income tax rate if the school corporation has pledged the school option income tax for any purpose permitted by IC 5-1-14 or any other statute. The prohibition in this section does not apply if the school corporation pledges legally available revenues to fully replace the lost revenue due to the decrease in the school corporation's school option income tax rate.

(c) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(d) The secretary of the governing body of a school corporation shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

Sec. 16. (a) The school option income tax imposed by a governing body of the school corporation under this chapter remains in effect

C
o
p
y



1 until rescinded.

2 (b) Except as provided in subsection (e), the governing body of
3 the school corporation may rescind the school option income tax by
4 adopting an ordinance to rescind the tax after January 1 but before
5 June 1 of a year.

6 (c) Any ordinance adopted under this section takes effect July 1
7 of the year the ordinance is adopted.

8 (d) The secretary of the governing body of a school corporation
9 shall record all votes taken on ordinances presented for a vote
10 under the authority of this section and immediately send a certified
11 copy of the results to the department by certified mail.

12 (e) A governing body of the school corporation may not rescind
13 the school option income tax if the school corporation has pledged
14 the school option income tax for any purpose permitted by
15 IC 5-1-14 or any other statute. The prohibition in this section does
16 not apply if the school corporation pledges legally available
17 revenues to fully replace the school corporation's school option
18 income tax that has been pledged.

19 Sec. 17. (a) Except as provided in subsections (b) through (c), if
20 the school option income tax is not in effect during a school district
21 taxpayer's entire taxable year, the amount of school option income
22 tax that the school district taxpayer owes for that taxable year
23 equals the product of:

24 (1) the amount of school option income tax the school district
25 taxpayer would owe if the tax had been imposed during the
26 school district taxpayer's entire taxable year; multiplied by

27 (2) the following fraction:

28 (A) The numerator of the fraction equals the number of days
29 during the school district taxpayer's taxable year during
30 which the school option income tax was in effect.

31 (B) The denominator of the fraction equals the total number
32 of days in the school district taxpayer's taxable year.

33 (b) If a school district taxpayer:

34 (1) is unemployed for a part of the taxpayer's taxable year;

35 (2) was not discharged for just cause (as defined in
36 IC 22-4-15-1(d)); and

37 (3) has no earned income for the part of the taxpayer's taxable
38 year that the tax was in effect;

39 the school district taxpayer's adjusted gross income for the taxable
40 year is reduced by the amount of the taxpayer's earned income for
41 the taxable year.

42 (c) A taxpayer who qualifies under subsection (b) must file a

C
o
p
y



claim for a refund for the difference between the school option income tax owed, as determined under subsection (a), and the tax owed, as determined under subsection (b). A claim for a refund must be on a form approved by the department and include all supporting documentation reasonably required by the department.

Sec. 18. (a) Except as provided in subsection (b), if for a particular taxable year a school district taxpayer is liable for an income tax imposed by a school district located outside Indiana, that school district taxpayer is entitled to a credit against the taxpayer's school option income tax liability for that same taxable year. The amount of the credit equals the amount of tax imposed by the other governmental entity on income derived from sources outside Indiana and is subject to the school option income tax. However, the credit provided by this section may not reduce a school district taxpayer's school option income tax liability to an amount less than would have been owed if the income subject to taxation by the other governmental entity had been ignored.

(b) The credit provided by this section does not apply to a school district taxpayer to the extent that the other governmental entity provides for a credit to the taxpayer for the amount of school option income taxes owed under this chapter.

(c) To claim the credit provided by this section, a school district taxpayer must provide the department with satisfactory evidence that the taxpayer is entitled to the credit.

Sec. 19. (a) If for a particular taxable year a school district taxpayer is, or a school district taxpayer and the taxpayer's spouse who file a joint return are, allowed a credit for the elderly or the totally disabled under Section 22 of the Internal Revenue Code, the school district taxpayer is, or the school district taxpayer and the taxpayer's spouse are, entitled to a credit against the taxpayer's or their school option income tax liability for that same taxable year. The amount of the credit equals the lesser of:

(1) the product of:

(A) the taxpayer's or their credit for the elderly or the totally disabled for that same taxable year; multiplied by

(B) a fraction, the numerator of which is the school option income tax rate imposed against the school district taxpayer, or the school district taxpayer and the taxpayer's spouse, and the denominator of which is fifteen hundredths (0.15); or

(2) the amount of school option income tax imposed on the school district taxpayer, or the school district taxpayer and the taxpayer's spouse.

**C
o
p
y**



(b) If a school district taxpayer and the taxpayer's spouse file a joint return and are subject to different school option income tax rates for the same taxable year, they shall compute the credit under this section by using the formula provided by subsection (a), except that they shall use the average of the two (2) school option income tax rates imposed against them as the numerator referred to in subsection (a)(1)(B).

Sec. 20. (a) A special account within the state general fund shall be established for each school corporation adopting the school option income tax. Any revenue derived from the imposition of the school option income tax by a school district shall be deposited in that school district's account in the state general fund.

(b) Any income earned on money held in an account under subsection (a) becomes a part of that account.

(c) Any revenue remaining in an account established under subsection (a) at the end of a fiscal year does not revert to the state general fund.

Sec. 21. (a) Revenue derived from the imposition of the school option income tax must, in the manner prescribed by this section, be distributed to the school district that imposed it. The amount to be distributed to a school district during an ensuing calendar year equals the amount of school option income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

- (1) received from that school district for a taxable year ending before the calendar year in which the determination is made; and
 - (2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;
- as adjusted (as determined after review of the recommendation of the budget agency) for refunds of school option income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the school district auditor of each adopting school district the amount determined under subsection (a) plus the amount of interest in the school district's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the school district's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), and (f). The

**C
o
p
y**



department shall provide with the certification an informative summary of the calculations used to determine the certified distribution.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a school district to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a school district that initially imposes a tax under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a school district to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(f) This subsection applies to a school district that increases, decreases, or rescinds a tax rate under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a school district to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

Sec. 22. (a) One-twelfth (1/12) of each adopting school corporation's certified distribution for a calendar year shall be

**C
O
P
Y**



distributed from its account established under section 20 of this chapter to the appropriate school corporation treasurer on the first day of each month of that calendar year.

(b) All distributions from an account established under section 20 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

Sec. 23. Money distributed to a school corporation under this chapter may be used for any school purpose, including distributions to a charter school.

Sec. 24. (a) For purposes of this chapter, an individual shall be treated as a resident of the school district in which the individual:

- (1) maintains a home if the individual maintains only one (1) in Indiana;
- (2) if subdivision (1) does not apply, is registered to vote;
- (3) if neither subdivision (1) or (2) applies, registers the taxpayer's personal automobile; or
- (4) if neither subdivision (1), (2), or (3) applies, spends the majority of the taxpayer's time spent in Indiana during the taxable year in question.

(b) The residence or principal place of business or employment of an individual is to be determined on January 1 of the calendar year in which the individual's taxable year commences. If an individual changes the location of the taxpayer's residence or principal place of employment or business to another school district in Indiana during a calendar year, the taxpayer's liability for school option income tax is not affected.

Sec. 25. (a) The governing body of the school corporation of any adopting school district may adopt an ordinance to enter into reciprocity agreements with the taxing authority of any school district of any other state. Such a reciprocity agreement must provide that the income of resident school district taxpayers is exempt from income taxation by the other local governmental entity to the extent that income of the residents of the other local governmental entity is exempt from the school option income tax in the adopting school district.

(b) A reciprocity agreement entered into under subsection (a) may not become effective until it is also made effective in the other local governmental entity that is a party to the agreement.

(c) The form and effective date of any reciprocity agreement described in this section must be approved by the department.

Sec. 26. (a) Except as otherwise provided in this chapter, all

**C
o
p
y**



provisions of the adjusted gross income tax law (IC 6-3) concerning:

- (1) definitions;
- (2) declarations of estimated tax;
- (3) filing of returns;
- (4) remittances;
- (5) incorporation of the provisions of the Internal Revenue Code;
- (6) penalties and interest;
- (7) exclusion of military pay credits for withholding; and
- (8) exemptions and deductions;

apply to the imposition, collection, and administration of the tax imposed by this chapter.

(b) The provisions of IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not apply to the tax imposed by this chapter.

(c) Notwithstanding subsections (a) and (b), each employer shall report to the department the amount of withholdings attributable to each school district. The taxpayer's report shall be submitted annually along with the employer's annual withholding report.

Sec. 27. Before October 2 of each year, the department shall submit a report to each school district auditor indicating the balance in the school district's adjusted gross income tax account as of the cutoff date specified by the budget agency.

Sec. 28. (a) If, after receiving a recommendation from the budget agency, the department determines that a sufficient balance exists in a school district account that exceeds the amount necessary, when added to other money that will be deposited in the account after the date of the recommendation, to make certified distributions to the school district in the ensuing year, the department shall make a supplemental distribution to a school district from the school district's adjusted gross income tax account.

(b) A supplemental distribution described in subsection (a) must be:

- (1) made in January of the ensuing calendar year; and
- (2) allocated and, subject to subsection (d), used in the same manner as certified distributions.

(c) A determination under this section must be made before October 2.

(d) This subsection applies to that part of a distribution made under this section that is allocated and available for use in the same manner as certified shares. The school corporation receiving the

**C
O
P
Y**



1 money shall deposit the money in the school corporation's rainy
2 day fund established under IC 36-1-8-5.1.

3 Sec. 29. Notwithstanding any other law, if a school corporation
4 desires to issue obligations or enter into leases payable wholly or
5 in part by the school option income tax, the obligations of the
6 school corporation or any lessor may be sold at public sale in
7 accordance with IC 5-1-11 or at negotiated sale.

8 Sec. 30. (a) A pledge of school option income tax revenues under
9 this chapter is enforceable in accordance with IC 5-1-14.

10 (b) With respect to obligations for which a pledge has been made
11 under this chapter, the general assembly covenants with the school
12 district and the purchasers or owners of those obligations that this
13 chapter will not be repealed or amended in any manner that will
14 adversely affect the collection of the tax imposed under this
15 chapter as long as the principal of or interest on those obligations
16 is unpaid. The prohibition in this section does not apply if the
17 general assembly provides for legally available revenues to fully
18 replace the lost revenue due to a repeal or amendment to this
19 chapter.

20 SECTION 44. IC 20-1-1.3-8 IS AMENDED TO READ AS
21 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 8. (a) A public school
22 that receives a monetary award under this chapter may expend that
23 award for any educational purpose for that school, except:

- 24 (1) athletics;
- 25 (2) salaries for school personnel; or
- 26 (3) salary bonuses for school personnel.

27 (b) A monetary award may not be used to determine:

- 28 (1) the maximum permissible general fund ad valorem property tax
29 levy under IC 6-1.1-19-1.5; or
- 30 (2) the tuition support under IC 21-3-1.6;

31 of the school corporation of which the school receiving the monetary
32 award is a part. **This subsection expires January 1, 2006.**

33 SECTION 45. IC 20-1-6-1 IS AMENDED TO READ AS FOLLOWS
34 [EFFECTIVE JULY 1, 2004]: Sec. 1. As used in this chapter, the
35 following terms have the following meanings:

- 36 (1) "Child with a disability" means any child who is at least three
37 (3) years of age but less than twenty-two (22) years of age and who
38 because of physical or mental disability is incapable of being
39 educated properly and efficiently through normal classroom
40 instruction, but who with the advantage of a special educational
41 program may be expected to benefit from instruction in
42 surroundings designed to further the educational, social, or

C
o
p
y



1 economic status of the child. Public schools may operate special
 2 education programs for hearing impaired children as young as six
 3 (6) months of age on an experimental basis upon the approval of
 4 the superintendent of public instruction and the Indiana state board
 5 of education.

6 (2) "Division" means the division of special education within the
 7 department of education.

8 (3) "Director" means the director of the division of special
 9 education.

10 (4) "School corporation" ~~means any corporation authorized by law~~
 11 ~~to establish public schools and levy taxes for the maintenance of~~
 12 ~~the schools.~~ **has the meaning set forth in IC 20-5-1-3.**

13 (5) "Individualized education program" means a written statement
 14 developed by a group that includes:

15 (A) a representative of the school corporation or public agency
 16 responsible for educating the child;

17 (B) the child's teacher;

18 (C) the child's parent, guardian, or custodian;

19 (D) if appropriate, the child; and

20 (E) if the provision of services for a seriously emotionally
 21 disabled child is considered, a mental health professional
 22 provided by the community mental health center (as described
 23 under IC 12-29) or a managed care provider (as defined in
 24 IC 12-7-2-127(b)) and serving the community in which the child
 25 resides;

26 and that describes the special education to be provided to the child.

27 (6) "Preschool child with a disability" refers to a disabled child
 28 who is at least three (3) years of age by September 1 of the
 29 1989-90 school year, August 1 of the 1990-91 school year, July 1
 30 of the 1991-92 school year, or June 1 of the 1992-93 school year
 31 and every subsequent school year.

32 (7) "Special education" means instruction specially designed to
 33 meet the unique needs of a child with a disability. It includes
 34 transportation, developmental, corrective, and other support
 35 services and training only when required to assist a child with a
 36 disability to benefit from the instruction itself.

37 (8) "School year" has the meaning set forth in IC 20-10.1-2-1.

38 **SECTION 46. IC 20-1-6-20 IS AMENDED TO READ AS**
 39 **FOLLOWS [EFFECTIVE JULY 1, 2004]:** Sec. 20. (a) As used in this
 40 section, the following terms shall have the following meanings:

41 (1) "Special education cooperative" means a department, school,
 42 or school corporation established, maintained, and supervised for

C
O
P
Y



the education of children with disabilities in accordance with this section.

(2) "Participating school corporation" means any local public school corporation established under the laws of the state of Indiana which cooperates with other such corporation or corporations in a special education cooperative.

(3) "Governing body" of a participating school corporation means the board or commission charged by law with the responsibility of administering the affairs of such school corporation, but in the case of a school township shall mean its trustee and township board.

(4) "Board of managers" means the board or commission charged with the responsibility of administering the affairs of a special education cooperative.

(5) "Agreement" means an identical resolution adopted by the governing body of each participating school corporation, or an agreement approved by each such governing body, providing for a special education cooperative.

(6) "Assessed valuation" of a participating school corporation for any school year shall mean the net assessed valuation of such school corporation for the immediately preceding March 1, adjusted in the same manner as any adjustment is made in determining the amount of state distribution for school support.

(7) "Percentage share" of a participating school corporation is the percent which its assessed valuation bears to the total assessed valuation of all the participating schools joining in an agreement.

(b) Two (2) or more participating school corporations may form a special education cooperative in accordance with the provisions of either subsection (g) or (h), but subject to the limitations of this subsection, by adopting an agreement which shall contain the following provisions:

(1) A plan for the organization, administration, and support for such special education cooperative, including the establishment of a board of managers.

(2) The commencement date of the establishment of such cooperative, which shall be contemporaneous with the beginning of a school year.

(3) The extension of such special education cooperative for a minimum of five (5) school years, a provision that such cooperative will extend from school year to school year thereafter unless canceled by action of the governing bodies of a majority of the participating school corporations, taken at least one (1) year prior to the termination of the agreement.

C
o
p
y



During the term of such agreement, it may be modified by unanimous consent of all the participating school corporations. Such agreement may include an agreement to acquire sites, buildings, and equipment therefor by purchase, by lease from any of the participating school corporations for the term of the agreement, or by lease under the provisions of IC 21-5-11 or IC 21-5-12. The agreement may include an agreement to repair, equip, and maintain school buildings and equipment and an agreement that participating school corporations may use funds from their respective capital projects fund to pay for those costs or for any other purposes authorized under IC 21-2-15 (**repealed January 1, 2006**). The amount of money used from a participating school corporation's cumulative building fund or capital projects fund is to be determined by agreement among the participating school corporations. The cost of the special education cooperative for each school year shall be borne by the participating school corporations in accordance with the terms of their agreement. Agreements for the payment of the cost of the special education cooperative may establish a formula for payments which meet the needs of the school corporations or may base payments on a percentage share formula. Upon the termination of the agreement, the participating school corporations shall be liable for their respective portions of any long term lease or other long term obligations in the same annual portions as are provided in the agreement as though the agreement had not been terminated, unless the terms under which such obligations were set up otherwise provide. A special education cooperative has the authority to employ teachers and issue teaching contracts in accordance with all the provisions for public teaching contracts. Any teacher who has taught or is teaching in a participating school corporation who became or becomes a teacher in the special education cooperative shall retain semipermanent, permanent, or nonpermanent status in such participating school corporation, to the same extent as if he had continued teaching in the participating school corporation, and his employment may be terminated solely by the board of managers of the special education cooperative.

(c) A teacher who:

(1) is employed by a special education cooperative; and
 (2) previously taught in a participating school corporation;
 retains all rights and privileges under IC 20-6.1-4, IC 20-6.1-5, and IC 20-6.1-6 to the same extent as if the teacher had continued teaching in the participating school corporation.

(d) A teacher who:

(1) is employed by a special education cooperative; and

C
o
p
y



(2) does not have existing years of service in any of the participating school corporations; shall be considered to be employed by the special education cooperative and is entitled to the same rights and privileges under IC 20-6.1-4, IC 20-6.1-5, and IC 20-6.1-6 as if the teacher were employed by a school corporation.

(e) If a teacher loses the teacher's job in a special education cooperative due to:

(1) a reduction in services of;

(2) a reorganization of;

(3) the discontinuance of; or

(4) a withdrawal in whole or in part of a participating school corporation from;

the special education cooperative, the teacher shall be added to the recall list of laid off teachers that is maintained by the participating school corporations, and the teacher shall be employed under the terms of the recall provisions of the participating school corporations for a special education job opening that occurs in any of the participating school corporations. In addition and during the time the former special education cooperative teacher is entitled to remain on the recall list, all teachers in the participating school corporation other than the former special education cooperative teacher retain all rights and privileges for job openings for which the other teachers are qualified and as granted by the collective bargaining agreement in effect at the participating school corporation or, if no provisions of a collective bargaining agreement govern the rights and privileges, by the policy of the governing body, including provisions governing layoffs and recall.

(f) If:

(1) a teacher loses the teacher's job in a special education cooperative due to:

(A) a reduction in services of;

(B) a reorganization of;

(C) the discontinuance of; or

(D) a withdrawal in whole or in part of a participating school corporation from;

the special education cooperative; and

(2) the teacher is employed by a participating school corporation as described in subsection (e);

the teacher retains the rights and privileges under IC 20-6.1-4, IC 20-6.1-5, and IC 20-6.1-6 that the teacher held at the time the teacher lost the job in the special education cooperative as described in subdivision (1).

**c
o
p
y**



(g) A special education cooperative may either be attached to a participating school corporation which shall have responsibility for administrative and financial controls, or it may establish a separate treasury with separate accounts. When a special education cooperative is not attached to a participating school corporation, it shall comply with the state board of accounts' approved forms and rules for fiscal accountability and be subject to audit by the state board of accounts. A special education cooperative may be operated and managed and its budget determined by a board of managers. The board of managers consists of one (1) designated member from each participating school corporation. The particular designated member from a participating school corporation must be:

(1) the president (or trustee in the case of a school township) of the governing body of a participating school corporation;

(2) any fellow member of such governing body whom such president or trustee may designate;

(3) the superintendent of a participating school corporation appointed by the president (or trustee in the case of a school township) of the governing body of a participating school corporation; or

(4) an assistant superintendent of a participating school corporation appointed by the president (or trustee in the case of a school township) of the governing body of a participating school corporation.

Such designated member may be changed by the president or trustee at any time. Meetings of the board of managers shall be held in accordance with the provisions of IC 20-5-3-2.

(h) The special education cooperative may be organized in accordance with IC 20-5-11 or IC 36-1-7.

SECTION 47. IC 20-2-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. (a) The township trustees of each and every township of each county shall perform all the civil functions performed before March 13, 1947, by such township trustees and together with other township trustees of the county shall constitute a county board of education for the purpose of managing the affairs of the county school corporation hereby created in each such county. School cities and school towns shall retain independent organization and administration unless abandoned as provided by law, and the county school corporation, also referred to in this chapter as the county, shall include all areas not organized on March 13, 1947, under the laws of this state into jurisdictions controlled and governed as school cities or school towns. Said county board of education may be referred to

C
O
P
Y



interchangeably as the county board of school trustees and as the board. Said board shall meet at such time as the board shall designate at the office of the county superintendent of schools and at such other times and places as the county superintendent of schools may deem necessary. At the first meeting of each year, to be held on the first Wednesday after the first Monday in January, the board shall organize by selecting a president, a vice president, a secretary, and a treasurer from its membership. ~~Provided, However, that~~ no later than April 12, 1947, it shall be the duty of the county superintendent of schools to call said board into special session and unless the county board of education shall elect to have the provisions of this section remain inoperative, under provisions that may be included within this section, said board shall so organize itself, except that the failure of the county superintendent of schools to call the county board of education into session within the prescribed limits of this section shall not be construed to mean that a county school corporation as described in this section shall be brought into existence in such county, and no such county school corporation shall be brought into existence until the board has met in special session subsequent to March 13, 1947, and has taken action to organize itself into a county school corporation, after consideration of the question whether it should elect to have the provisions of this section remain inoperative under provisions that may be included within this section. Such organization when and if effected shall be filed with the county auditor and shall be published by said auditor in two (2) newspapers of different political persuasions of general circulation throughout the county within ten (10) days after such filing, and such organization shall be deemed to fulfill all the requirements of this section for the transacting of public business under this section. The secretary of the board shall keep an accurate record of the minutes of the board, which minutes shall be kept at the county superintendent's office. The county superintendent shall act as administrator of the board and shall carry out such acts and duties as shall be designated by the board. A quorum shall consist of two-thirds (2/3) of the members of the board.

(b) The board shall make decisions as to the general conduct of the schools, which shall be enforced as entered upon the minutes recorded by the secretary of the board, and shall exercise all powers exercised before March 13, 1947, under the law, by or through township trustees or meetings or petitions of the trustees of the county.

(c) The board shall appoint a county superintendent of schools who shall serve for a term of four (4) years. The first such appointment under this section shall be made in accordance with law in June 1949,

C
o
p
y



1 to become effective August 16, 1949, and thereafter the board shall fill
 2 vacancies in this office by appointments which shall expire at the end
 3 of the regular term. The county superintendent of schools and other
 4 persons employed for administrative or supervisory duties shall be
 5 deemed to be supervisors of instruction.

6 (d) The government of the common schools of the county shall be
 7 vested in the board, and the board shall function with all the authority,
 8 powers, privileges, duties, and obligations granted to or required of
 9 school cities before March 13, 1947, and school towns and their
 10 governing boards generally under the laws pertaining thereto with
 11 reference to the purchase of supplies, purchase and sale of buildings,
 12 grounds, and equipment, the erection of buildings, the employment and
 13 dismissal of school personnel, the right and power to sue and be sued
 14 in the name of the county, the insuring of property and employees, the
 15 levying **or imposition** and collecting of taxes **as authorized by law**,
 16 the making and executing of a budget, the borrowing of money, the
 17 paying of the salaries and expenses of the county superintendent and
 18 employees as approved by the board and to any act necessary to the
 19 proper administration of the common schools of the county.

20 (e) Such school corporations shall be vested with all right, title, and
 21 interest of their respective predecessor township school corporations
 22 hereby terminated to and in all the real, personal, and other property of
 23 any nature and from whatever source derived, and shall assume, pay,
 24 and be liable for all the indebtedness and liabilities of the same.

25 (f) The treasurer, before entering upon the duties of ~~his~~ **the** office,
 26 shall execute a bond to the acceptance of the county auditor in an
 27 amount equal to the largest sum of money that will be in the possession
 28 of the treasurer at any one time conditioned as an ordinary official
 29 bond, with a reliable surety company or at least two (2) sufficient
 30 freehold sureties, who shall not be members of such board, as surety or
 31 sureties on such bond. The president and secretary shall each give
 32 bond, with like surety or sureties, to be approved by the county auditor,
 33 in the sum of one-fourth (1/4) of ~~said the~~ amount. ~~Provided, that such~~
 34 **The** boards of school trustees may purchase ~~said the~~ bonds from some
 35 reliable surety company, and pay for them out of the special school
 36 revenue of their respective counties.

37 (g) The powers set forth in this section shall not be considered as or
 38 construed to limit the power and authority of such boards to the powers
 39 therein expressly conferred or to restrict or modify any powers or
 40 authority granted by any other law not in conflict with the provisions
 41 of this section.

42 (h) Every such board shall have, as respects the levy of taxes by it,

C
o
p
y



power annually to levy such amount of taxes as in the judgment of such board, made matter of record in its minutes, should be levied to produce income sufficient to conduct and carry on the common schools committed to such board, and it is hereby made the duty of such board annually to levy a sum sufficient to meet all payments of principal and interest as they will mature in the year for which such levy is made on the bonds, notes, or other obligations of such board. The power of such board in so making tax levies shall be exercised within statutory limits and said levies shall be subject to the same review as school city and school town levies. **This subsection expires January 1, 2006.**

SECTION 48. IC 20-2-9-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. ~~Said~~ School trustees shall maintain in each school corporation a term of school at least six (6) months in duration and shall authorize a local tuition levy sufficient to conduct a six (6) months term of school each year based on estimates and receipts from all sources for the previous year, which may include that received from the state's tuition revenue. ~~Provided, Such~~ **The** levy shall not exceed the limit now provided by law. **This section expires January 1, 2006.**

SECTION 49. IC 20-3-11-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 18. Every such board of school commissioners shall have, as respects the levy of taxes by it, power annually to levy such amount of taxes as in the judgment of said board, made matter of record in its minutes, should be levied to produce income sufficient to conduct and carry on the work committed to such board, and it is hereby made the duty of said board annually to levy a sum sufficient to meet all payments of principal and interest as they will mature in the year for which such levy is made on the bonds, notes or other obligations of said board, and the fund arising from any levy made by such board shall be known as its "general fund." Said general fund may lawfully be used by said board for any purpose within the scope of the duties of such board as imposed by law. **This section expires January 1, 2006.**

SECTION 50. IC 20-3-11-20, AS AMENDED BY P.L.90-2002, SECTION 402, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 20. **(a)** Each such board of school commissioners may from time to time, whenever its general fund shall be exhausted or in the board's judgment be in danger of exhaustion, make temporary loans for the use of its general fund to be paid out of the proceeds of taxes theretofore levied by such school city for its general fund. The amount so borrowed in aid of said general fund shall be paid into said general fund and may be used for any purpose for

C
o
p
y



1 which the said general fund lawfully may be used. Any such temporary
 2 loan shall be evidenced by the promissory note or notes of said school
 3 city, shall bear interest at not more than seven per cent (7%) per
 4 annum, interest payable at the maturity of the note or periodically, as
 5 the note may express, and shall mature at such time or times as the
 6 board of school commissioners may decide, but not later than one (1)
 7 year from the date of the note. No such loan or loans made in any one
 8 (1) calendar year shall be for a sum greater than the amount estimated
 9 by said board as the proceeds to be received by it from the levy of taxes
 10 theretofore made by said school city in behalf of its said general fund.
 11 Successive loans may be made in aid of said general fund in any
 12 calendar year, but the aggregate amount thereof, outstanding at any one
 13 (1) time, shall not exceed such estimated proceeds of taxes levied in
 14 behalf of the said general fund.

15 **(b)** No such loan shall be made until notice asking for bids therefor
 16 shall have been given by newspaper publication, which publication
 17 shall be made one (1) time in a newspaper published in said city and
 18 said publication shall be at least seven (7) days before the time when
 19 bids for such loans will be opened. Bidders shall name the amount of
 20 interest they agree to accept not exceeding seven per cent (7%) per
 21 annum, and the loan shall be made to the bidder or bidders bidding the
 22 lowest rate of interest. The note or notes or warrants shall not be
 23 delivered until the full price of the face thereof shall be paid to the
 24 treasurer of said school city, and no interest shall accrue thereon before
 25 such delivery.

26 **(c)** Any such school corporation wishing to make a temporary loan
 27 in aid of its general fund, finding that it has need to exercise the power
 28 in this section above given to make a temporary loan, which has in its
 29 treasury money derived from the sale of bonds, which money derived
 30 from the sale of bonds can not or will not, in the due course of the
 31 business of said school city, be expended in the then near future, may,
 32 if it so elects, temporarily borrow, and without payment of interest,
 33 from such bond fund, for the use and aid of said general fund in the
 34 manner and to the extent hereinafter expressed, viz.: Such school city
 35 shall, by its board of school commissioners, take all the steps required
 36 by law to effect such temporary loan up to the point of advertising for
 37 bids or offers for such loans; it shall then present to the department of
 38 local government finance of the state of Indiana, and to the state board
 39 of accounts of the state of Indiana, a copy of the corporate action of
 40 said school city concerning its desire to make such temporary loan and
 41 a petition showing the particular need for such temporary loan, and the
 42 amount and the date or dates when said general fund will need such

C
o
p
y



1 temporary loan, or instalments of such loan, and the date at which such
 2 loan, and each instalment thereof, will be needed, and the estimated
 3 amounts from taxes to come into said general fund, and the dates when
 4 it is expected such proceeds of taxes will be received by such school
 5 city in behalf of said general fund, and showing what amount of money
 6 said school city has in any fund derived from the proceeds of the sale
 7 of bonds, which can not or will not be expended in the then near future,
 8 and showing when and to what extent and why money in such bond
 9 fund, not soon to be expended, will not be expended in the then near
 10 future and requesting that the department of local government finance,
 11 and said state board of accounts, respectively, authorize a temporary
 12 loan from said bond fund in aid of said general fund.

13 (d) If the department of local government finance shall find and order
 14 that there is need for such temporary loan, and that it should be made,
 15 and said state board of accounts shall find that the money proposed to
 16 be borrowed will not be needed during the period of the temporary loan
 17 by the fund from which it is to be borrowed, and the state board of
 18 accounts and the department of local government finance shall approve
 19 the loan, the business manager and treasurer of said school city shall,
 20 upon such approval by the state board of accounts and the department
 21 of local government finance, take all steps necessary to transfer the
 22 amount of such loans, as a temporary loan from the fund to be
 23 borrowed from, to said general fund of such school city. The loan so
 24 effected shall, for all purposes, be a debt of the school city chargeable
 25 against its constitutional debt limit.

26 (e) The state board of accounts and the department of local
 27 government finance may fix the aggregate amount so to be borrowed
 28 on any one (1) petition and shall determine at what time or times and
 29 in what instalments and for what periods it shall be borrowed. The
 30 treasurer and business manager of such school city, from time to time,
 31 as money shall be collected from taxes levied in behalf of said general
 32 fund, shall credit the same on such loan until the amount borrowed is
 33 fully repaid to the lending fund, and they shall at the end of each
 34 calendar month report to the board the several amounts so applied from
 35 taxes to the payment of such loan.

36 (f) The school city shall, as often as once a month, report to both the
 37 state board of accounts and the department of local government finance
 38 the amount of money then so borrowed and unpaid, the anticipated like
 39 borrowings of the current month, the amount left in the said general
 40 fund, and the anticipated drafts upon the lending bond fund for the
 41 objects for which that fund was created.

42 (g) The state board of accounts and the department of local

C
o
p
y



government finance, or either of them, may, if it shall seem to the board and department, or to either of them, that the fund from which the loan was made requires the repayment of all or of part of such loan(s) before its maturity or said general fund no longer requires all or some part of the proceeds of such loan, require such school city to repay all or any part of such loan, and, if necessary to perform the requirement, such school city shall exercise its power of making a temporary loan procured from others to raise the money so needed to repay the lending bond fund the amount so ordered repaid.

(h) This section expires January 1, 2006.

SECTION 51. IC 20-3-14-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. An annexation may be effected by any school corporation as follows:

(a) Both the acquiring and the losing school corporations shall each adopt a substantially identical annexation resolution. This resolution shall contain the following items:

(1) A description of the annexed territory. Such description shall as near as reasonably possible be by streets and other boundaries known by common names and need not be in addition by legal description unless such additional description is necessary to identify the annexed territory. No notice shall be defective if there is a good faith compliance with this section and if the area designated may be ascertained with reasonable certainty by persons skilled in the area of real estate description.

(2) The time the annexation takes place. This may vary with respect to the different parts of the annexed territory; and if the entire annexed territory is contiguous to the acquiring corporation the parts of the annexed territory may be annexed so that some parts may not be contiguous to the annexed territory for temporary periods.

(3) Any terms and conditions facilitating education of pupils in the annexed territory, in the losing school corporation, or in the acquiring school corporation. Such terms may provide for, but shall not be limited to, the continued attendance by children in the annexed territory at schools in the losing school corporation for specified periods of time after annexation on a transfer basis. In such instances transfer tuition for such children shall be paid by the acquiring school corporation to the losing school corporation in the manner and at the rates provided by the statutes of the state of Indiana governing the computation and payment of transfer tuition costs.

(4) Disposition of assets and liabilities of the losing school

C
o
p
y



corporation to the acquiring school corporation; allocation between the acquiring and losing school corporations of subsequently collected school ~~taxes levied on property~~ **tax receipts** in the annexed territory; and the amount, if any, to be paid by the acquiring school corporation to the losing school corporation on account of property received from the latter. Such disposition, allocation, and amount shall be equitable.

(b) After the adoption of such resolution, notice shall be given by publication in both the acquiring and the losing school corporations setting out the text of the resolution, together with a statement that such resolution had been adopted and that a right of remonstrance exists as provided in this chapter. It shall not be necessary to set out the remonstrance provisions of this chapter, but a general reference to a right of remonstrance with a reference to this chapter shall be sufficient. The annexation shall take effect within thirty (30) days after such publication, or at the time provided in the resolution, whichever is later, unless within such period a remonstrance (based on a ground other than that set out in section 6(a)(5) of this chapter) is filed in the circuit or superior court of the county where the annexed territory or any part thereof is located, by registered voters residing in the losing school corporation at least equal in number to the greater of the following:

- (1) ten percent (10%) of the number of registered voters residing in the losing school corporation; or
- (2) fifty-one percent (51%) of the number of registered voters residing in the annexed territory.

SECTION 52. IC 20-3-14-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. With respect to whether the disposition of the assets and liabilities of the losing school corporation, allocation of school tax receipts, and the amount to be paid by the acquiring school corporation is equitable, the court shall be satisfied that the annexing resolution conforms substantially to the following standards:

(a) The acquiring school corporation shall assume a portion of all installments of principal and interest on any indebtedness of the losing school corporation (other than current obligations or temporary borrowing) which fall due after the end of the last calendar year in which the losing school corporation is entitled to receive current tax receipts ~~from property tax levies on the property on in~~ the annexed territory. Such portion shall consist of the following:

- (1) All such installments relating to any indebtedness incurred in connection with the acquisition or construction of any building

C
o
p
y



located in the annexed territory.

(2) A proportion of all such installments relating to any other indebtedness which is the same proportion as the valuation of the real property in the annexed territory bears to the valuation of all the real property in the losing school corporation, as the same is assessed for general taxation immediately prior to annexation.

(b) The acquiring school corporation shall make the payments and assume the obligations provided for a school corporation acquiring territory and/or building or buildings under IC 21-5-10.

(c) Unless the losing school corporation shall consent to some other allocation, the portion of the special school and tuition fund moneys collected by the losing school corporation shall not be allocated in a greater amount to the acquiring school corporation than would be awarded if such two (2) corporations were respectively the original school corporation and the annexing school corporation within the meaning of IC 20-4-16, and the amount to be paid the losing corporation by the acquiring school corporation on account of the acquisition by the acquiring school corporation of a building in the annexed territory shall not be less than would be awarded if such two (2) school corporations were respectively the acquiring corporation and original school corporation within the meaning of IC 20-4-15.

(d) Where the annexed territory includes all of any losing school corporation, the acquiring school corporation shall acquire all of the property and assets of the losing school corporation without making payment of any nature for the same and shall assume all of the liabilities and obligations of the losing school corporation.

SECTION 53. IC 20-3.1-15-1, AS AMENDED BY P.L.1-2002, SECTION 76, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. To provide the board with the necessary flexibility and resources to carry out this article, the following apply:

(1) The board may eliminate or modify existing policies, create new policies, and alter policies from time to time, subject to this article and the plan developed under IC 20-3.1-7.

(2) Beginning on July 1, 2001, IC 20-7.5 applies to the school city; however, the provision of IC 20-7.5-1-5(a) that requires any items included in the 1972-1973 agreements between an employer school corporation and an employee organization to continue to be bargainable does not apply to the school city.

(3) The board of school commissioners may waive the following statutes and rules for any school in the school city without the need for administrative, regulatory, or legislative approval:

(A) The following rules concerning curriculum and instructional

C
o
p
y



- 1 time:
- 2 511 IAC 6.1-3-4
- 3 511 IAC 6.1-5-0.5
- 4 511 IAC 6.1-5-1
- 5 511 IAC 6.1-5-2.5
- 6 511 IAC 6.1-5-3.5
- 7 511 IAC 6.1-5-4
- 8 (B) The following rules concerning pupil/teacher ratios:
- 9 511 IAC 6-2-1(b)(2)
- 10 511 IAC 6.1-4-1
- 11 (C) The following statutes and rules concerning textbooks, and
- 12 rules adopted under the statutes:
- 13 IC 20-10.1-9-1
- 14 IC 20-10.1-9-18
- 15 IC 20-10.1-9-21
- 16 IC 20-10.1-9-23
- 17 IC 20-10.1-9-27
- 18 IC 20-10.1-10-1
- 19 IC 20-10.1-10-2
- 20 511 IAC 6.1-5-5
- 21 (D) The following rules concerning school principals:
- 22 511 IAC 6-2-1(c)(4)
- 23 511 IAC 6.1-4-2
- 24 (E) 511 IAC 2-2, concerning school construction and
- 25 remodeling.
- 26 (4) Notwithstanding any other law, a school city may do the
- 27 following:
- 28 (A) Lease school transportation equipment to others for
- 29 nonschool use when the equipment is not in use for a school city
- 30 purpose.
- 31 (B) Establish a professional development and technology fund
- 32 to be used for:
- 33 (i) professional development; or
- 34 (ii) technology, including video distance learning.
- 35 (C) Transfer funds obtained from sources other than state or
- 36 local government taxation among any account of the school
- 37 corporation, including a professional development and
- 38 technology fund established under clause (B).
- 39 (5) Transfer funds ~~obtained from property taxation~~ among the
- 40 ~~general fund (established under IC 21-2-11) and the school~~
- 41 ~~transportation fund (established under IC 21-2-11.5) subject to the~~
- 42 ~~following:~~ **funds of the school corporation.**

C
o
p
y



(A) The sum of the property tax rates for the general fund and the school transportation fund after a transfer occurs under this subdivision may not exceed the sum of the property tax rates for the general fund and the school transportation fund before a transfer occurs under this clause.

(B) However, this clause subdivision does not allow a school corporation to transfer to any other fund money from the debt service fund (established under IC 21-2-4).

SECTION 54. IC 20-4-1-18, AS AMENDED BY P.L.90-2002, SECTION 403, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 18. (a) Whenever the creation of a community school corporation out of an existing corporation would involve no change in its territorial boundaries or in its board of school trustees or other governing body, other than a change, if any, in the time of election or appointment or the time the board members take office, and such creation is consistent with the standards set up pursuant to the provisions of this chapter as modified, if any, by the standards set out in this section, the state board may upon its own motion or upon petition of the governing body of the existing school corporation at any time with hearing in the county where such school corporation is located, after notice by publication at least once in one (1) newspaper of general circulation published in the county where such school corporation is located, at least ten (10) but not more than thirty (30) days prior to the date of such hearing and without action of the county committee declare such existing school corporation to be a community school corporation by adopting a resolution to this effect. Such existing school corporation shall qualify as to size and financial resources if it has an average daily attendance of two hundred seventy (270) or more, in grades nine (9) through twelve (12), or of one thousand (1,000) or more, in grades one (1) through twelve (12), and has an assessed valuation per pupil of five thousand dollars (\$5,000) or more. For the purposes of this provision the following terms shall have the following meanings:

(1) "County tax" shall be a property tax which is levied at an equal rate in the entire county in which any school corporation is located, other than a tax qualifying as a countywide tax within the meaning of Acts 1959, c.328, s.2, or any similar statute, and the net proceeds of which are distributed to school corporations in the county.

(2) "Assessed valuation" of any school corporation shall mean the net assessed value of its real and personal property as of March 1, 1964, adjusted in the same manner as such assessed valuation is

C
o
p
y



adjusted for each county by the department of local government finance under Acts 1949, c.247, s.5, as now or hereafter amended, unless such statute has been repealed or no longer provides for such adjustment. In the event a county has a county tax, then the assessed valuation of each school corporation in the county shall be increased by the amount of assessed valuation, if any, which would be required to raise an amount of money, equal to the excess of the amount distributed to any school corporation from the county tax over the amount collected from such county tax in such school corporation, using total taxes levied by such school corporation in terms of rate excluding the countywide tax under Acts 1959, c.328, s.2, or any similar statute, and including all other taxes levied by or for such school corporation, including but not limited to the county tax, bond fund levy, lease rental levy, library fund levy, special school fund levy, tuition fund levy, capital projects fund levy, and special funds levies. Such increased valuation shall be based on the excess distributed to the school corporation from the county tax levied for the year 1964 and the total taxes levied for such year, or if the county tax is first applied or is raised for years after 1964, then the excess distributions and total taxes levied for the year in which such tax is first applied or raised. In the event such excess distribution and total taxes levied cannot be determined accurately on or prior to the adoption of the resolution provided in this section, excess distribution and taxes levied shall be estimated by the department of local government finance using the last preceding assessed valuations and tax rates or such other information as they shall see fit, certifying such increased assessment to the state board prior to such time. In all cases, the excess distribution shall be determined upon the assumption that the county tax is one hundred percent (100%) collected and all collections are distributed.

(3) "Assessed valuation per pupil" of any school corporation means the assessed valuation of any such school corporation divided by its average daily attendance in grades one (1) through twelve (12).

(4) "Average daily attendance" in any school corporation shall mean the average daily attendance of pupils who are residents in such school corporation and in the particular grades to which such term refers for the school year 1964-1965 in accordance with the applicable regulations of the state superintendent of public instruction, used in determining such average daily attendance in the distribution of the tuition funds by the state to its various school corporations where such funds are distributed on such basis

**C
o
p
y**



and irrespective of whether such figures are the actual resident daily attendance of such school for the school year.

(b) Such community school corporation shall automatically come into being on either July 1 or January 1 following the date of such approval, whichever is earlier. The state board shall mail by certified United States mail, return receipt requested, a copy of such resolution certified by its director or its secretary to the recorder of the county from which the county committee having jurisdiction of such existing school corporation was appointed and to such county committee. Such resolution may change the time of election or appointment of the board members of such school corporation or the time such board members take office. The recorder shall without cost record such certified resolution in the miscellaneous records of the county. Such recording shall constitute a permanent record of the action of the state board and may be relied on by any person. Unless the resolution otherwise provides no interim board member shall be appointed, the board members in office on the date of such action shall continue to constitute the board of trustees of such school corporation until their successors are qualified, and the terms of their respective office and board membership shall remain unchanged except to the extent that such resolution otherwise provides. For all purposes under this chapter, community school corporation shall be regarded as a school corporation created under the provisions of section 22 of this chapter.

(c) This section expires January 1, 2006.

SECTION 55. IC 20-4-1-26.9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 26.9. (a) This section applies to each school corporation, whenever created.

(b) Each board of school trustees created under this chapter may annually levy the amount of taxes that, in the judgment of the board, made a matter of record in its minutes, should be levied to produce income sufficient to conduct and carry on the public schools committed to the board. The board shall annually levy a rate that will produce a sum sufficient to meet all payments of principal and interest as they mature in the year for which the levy is made on the bonds, notes, or other obligations of the community school corporation.

(c) The power of the board in making tax levies shall be exercised within existing statutory limits. The levies are subject to the same review as school city levies and shall be at a uniform and equal rate on all taxable property located within the boundaries of the community school corporation.

(d) This section expires January 1, 2006.

SECTION 56. IC 20-4-1-32 IS AMENDED TO READ AS

C
o
p
y



1 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 32. (a) For the purpose
 2 of defraying the expenses of the county study, a county committee may
 3 prepare and submit to the county council on or before August 1 of each
 4 year during the life of the committee, a budgetary request. The county
 5 council may, upon receipt of such request, establish a uniform ad
 6 valorem tax levy on all real and personal property situated within the
 7 county, in such amount as shall be sufficient to raise an amount of
 8 money not to exceed the amount of such budget request.

9 (b) The county committee may request from the county council
 10 sufficient sums of money necessary to defray legal expenses incident
 11 to placing the county plan in operation.

12 **(c) This section expires January 1, 2006.**

13 SECTION 57. IC 20-4-1-35 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 35. ~~(†)~~ (a) A
 15 reorganization plan may provide that the proposed community school
 16 corporation or united school corporation shall pay to each civil
 17 township, civil city, or civil town, located therein, which has issued
 18 school aid bonds, prior to the due date thereof, amounts sufficient to
 19 pay principal and interest on such school aid bonds.

20 ~~(2)~~ (b) As an alternative to the above provision a reorganization plan
 21 may provide for the payment of outstanding school aid bonds of any of
 22 the foregoing civil units, by the civil townships located in the territory
 23 of such community school corporation or united school corporation
 24 with each civil township paying each year a proportionate share of the
 25 cost of the payment of the principal and interest of such school aid
 26 bonds falling due each year, such proportionate share to be in the
 27 proportion that the net assessed valuation of such civil township's
 28 taxable property located within the community or united school
 29 corporation bears to the total net assessed valuation in such community
 30 or united school corporation. Said annual amount shall be paid in
 31 semi-annual instalments on the 20th day of June and December of each
 32 year to the treasurer of the board of school trustees of the community
 33 or united school corporation who shall in turn promptly pay over to the
 34 fiscal officer of each civil unit having outstanding school aid bonds an
 35 amount sufficient to pay the then next succeeding instalment of
 36 principal and interest on said bonds.

37 **(c) This section expires January 1, 2006.**

38 SECTION 58. IC 20-4-1-36 IS AMENDED TO READ AS
 39 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 36. If any
 40 reorganization plan provides for the payment of school aid bonds as
 41 authorized in section 35(1) or section 35(2) of this chapter, each school
 42 corporation or civil township which is required to make such payments

C
o
p
y



is hereby authorized and required to include in their annual budgets an amount sufficient to make such payments and to levy a tax therefor which tax in the case of civil townships shall be levied only on the property located within the community or united school corporation (which property shall constitute a special taxing district), which shall be in addition to all taxes heretofore authorized and such levy shall be reviewable by other bodies vested by law with such authority to ascertain that the levy is sufficient to raise the amount required to meet the payments; provided, however, that no payments as above provided for shall be required prior to the first June 20 following the first August 1 after the proposed community school corporation or united school corporation has come into existence. **This section expires January 1, 2006.**

SECTION 59. IC 20-4-1-37 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 37. In any community or united school corporation formed before March 11, 1961, the civil townships shall make the payments as provided in section 35(2) of this chapter and shall levy taxes as provided in section 36 of this chapter as if such provision had been included in the reorganization plan adopted. **This section expires January 1, 2006.**

SECTION 60. IC 20-4-1-38 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 38. In any community school corporation formed before or after July 26, 1967, the board of school trustees may by resolution provide for making payments to civil townships as provided in section 35(1) of this chapter and shall levy taxes as provided in section 36 of this chapter as if such provision had been included in the reorganization plan adopted. **This section expires January 1, 2006.**

SECTION 61. IC 20-4-4-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. An annexation may be effected by any school corporation as follows:

(a) Both the acquiring and the losing school corporations shall each adopt a substantially identical annexation resolution. This resolution shall contain the following items:

(1) The name of the acquiring school corporation after the effective date of the annexation, which name may differ from the name of the acquiring corporation at the time of the adoption of the resolution.

(2) A description of the annexed territory. Such description shall as near as reasonably possible be by streets and other boundaries known by common names and need not be in addition by legal description unless such additional description is necessary to

C
o
p
y



1 identify the annexed territory. No notice shall be defective if there
 2 is a good faith compliance with this section and if the area
 3 designated may be ascertained with reasonable certainty by
 4 persons skilled in the area of real estate description.

5 (3) The time the annexation takes place.

6 (4) Any terms and conditions facilitating education of pupils in the
 7 annexed territory, in the losing school corporation or in the
 8 acquiring school corporation. Such terms may provide for, but
 9 shall not be limited to, the continued attendance by children in the
 10 annexed territory at schools in the losing school corporation for
 11 specified periods of time after annexation on a transfer basis. In
 12 such instances transfer tuition for such children shall be paid by
 13 the acquiring school corporation to the losing school corporation
 14 in the manner and at the rates provided by the statutes of the state
 15 of Indiana governing the computation and payment of transfer
 16 tuition costs.

17 (5) Disposition of assets and liabilities of the losing school
 18 corporation to the acquiring school corporation; allocation between
 19 the acquiring and losing school corporations of subsequently
 20 collected school taxes ~~levied on property~~ in the annexed territory;
 21 and the amount, if any, to be paid by the acquiring school
 22 corporation to the losing school corporation on account of property
 23 received from the latter. Such disposition, allocation and amount
 24 shall be equitable.

25 (b) After the adoption of such resolution, notice shall be given by
 26 publication in both the acquiring and the losing school corporations
 27 setting out the text of the resolution, together with a statement that such
 28 resolution has been adopted and that a right of remonstrance exists as
 29 provided in this chapter. It shall not be necessary to set out the
 30 remonstrance provisions of this chapter, but a general reference to a
 31 right of remonstrance with a reference to this chapter shall be
 32 sufficient. The annexation shall take effect within thirty (30) days after
 33 such publication, or at the time provided in the resolution, whichever
 34 is later, unless within such period a remonstrance is filed in the circuit
 35 or superior court of the county where the annexed territory or any part
 36 thereof is located, by registered voters residing in the losing school
 37 corporation at least equal in number to the greater of the following:

- 38 (1) ten percent (10%) of the number of registered voters residing
 39 in the losing school corporation; or
 40 (2) fifty-one percent (51%) of the number of registered voters
 41 residing in the annexed territory.

42 SECTION 62. IC 20-4-4-7 IS AMENDED TO READ AS FOLLOWS

C
o
p
y



[EFFECTIVE JULY 1, 2004]: Sec. 7. (a) With respect to whether the disposition of the assets and liabilities of the losing school corporation, allocation of school tax receipts and the amount to be paid by the acquiring school corporation is equitable, the court subject to the provisions of subdivision (b) shall be satisfied that the annexing resolution conforms substantially to the following standards:

(1) The acquiring school corporation shall assume a portion of all installments of principal and interest on any indebtedness of the losing school corporation (other than current obligations or temporary borrowing) which fall due after the end of the last calendar year in which the losing school corporation is entitled to receive current tax receipts ~~from property tax levies on the property~~ ~~on~~ in the annexed territory. Such portion shall consist of the following:

(i) ~~(A)~~ all such installments relating to any indebtedness incurred in connection with the acquisition or construction of any building located in the annexed territory; and

(ii) ~~(B)~~ a proportion of all such installments relating to any other indebtedness which is the same proportion as the valuation of the real property in the annexed territory bears to the valuation of all the real property in the losing school corporation, as the same is assessed for general taxation immediately prior to annexation.

(2) The acquiring school corporation shall make the payments and assume the obligations provided for school corporation acquiring territory and/or building or buildings under IC 21-5-10.

(3) Unless the losing school corporation shall consent to some other allocation, the portion of the general fund moneys collected by the losing school corporation shall not be allocated to the acquiring school corporation in a greater amount than would be awarded if such two (2) corporations were respectively the "original school corporation" and the "annexing school corporation" within the meaning of IC 20-4-16, using the method therein provided for allocating the special school and tuition fund moneys.

(b) Such standards shall not be applicable to the extent the losing and acquiring school corporations otherwise agree in a situation where all or a majority of the students in the annexed territory have been transferred from the losing to the acquiring school corporation for the five (5) school years immediately preceding the transfer. Such agreement, as between school corporations, shall not, however, prejudice the rights of bondholders or lessors whose rights as against the losing and acquiring school corporations shall, upon enforcement,

C
o
p
y



be allocated between them in accordance with subsection (a)(1) and (2).

SECTION 63. IC 20-4-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. Except as otherwise provided with respect to the power to issue bonds in section 10 of this chapter, said school board shall perform the duties and shall have all the powers vested in the school board or board of trustees of a school city of the class in which the consolidated school corporation would fall on the basis of its population according to the last preceding United States census under the statutes of this state, if it were organized as a school city. In the event, however, such consolidated school corporation has a population determined in such manner of less than two thousand (2,000), such school board shall perform the duties and shall have all the powers vested in the school board of a school town. The cost of maintaining such consolidated schools shall be borne by the consolidated school corporation, as a single tax unit. Taxes to meet such cost shall be levied by said consolidated school board at a uniform and equal rate on all the taxable property located within the limits of said consolidated school corporation, and collected in the city or cities, town or towns, township or townships in the same manner as other taxes are levied and collected. **This section expires January 1, 2006.**

SECTION 64. IC 20-4-5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 10. (a) Whenever it shall become necessary to build a new building or buildings, or to make repairs or alterations on old ones, said school board shall have the power to build such new building or buildings, or to repair or alter such old ones as they may deem necessary and to purchase the necessary site therefor; and the cost thereof shall be taxed against all taxable property lying within the corporate limits of such newly consolidated school corporation. Said school board shall have the power to issue bonds of such new school corporation against the taxable property lying within the corporate limits of the newly consolidated school corporation to meet the cost of any new building or buildings, or the repair or alteration of old ones.

(b) Such bonds authorized by this chapter shall be payable in such amounts and at such times as the school board may determine, and shall bear such rate of interest as may be determined.

(c) Said board shall have the power to levy and collect taxes to meet the payment of any bonds issued pursuant to this chapter; Provided, That said school board shall have all of the powers given and granted to school corporations for the appropriation of the real estate for school purposes, by IC 20-5-23. **This subsection expires January 1, 2006.**

C
o
p
y



SECTION 65. IC 20-4-8-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 11. (a) The board as above referred to shall make decisions pertaining to the general conduct of the schools which shall be enforced as entered upon the minutes recorded by the secretary of the board, and subject to provisions in this chapter otherwise, shall exercise all powers previously exercised under the law, by or through township trustees or meetings or petitions of the township trustees of the county, or county boards of education previously existing and such offices, namely, township trustee, county board or county boards of education insofar as the conduct of public schools is concerned are abolished as of noon on the day and date the county school corporation is created and comes into existence under this chapter.

(b) The county superintendent of schools and other persons employed for administrative or supervisory duties may be deemed to be supervisors of instruction.

(c) The government of the common schools of the county shall be vested in the board, and the board shall function with all the authority, powers, privileges, duties, and obligations previously granted to or required of school cities and their governing boards generally under the laws pertaining thereto with reference to the purchase of supplies, purchase and sale of buildings, grounds, and equipment, the erection of buildings, the employment and dismissal of school personnel, the insuring of property and employees, the levying and collecting of taxes, the making and executing of a budget, the borrowing of money, the paying of the salaries and expenses of the county superintendent and employees as approved by the board, shall be a body corporate and politic by the name and style of "The County School Corporation of _____ County, Indiana" with the right to prosecute and defend suits; and shall act in any manner necessary to the proper administration of the common schools of the county.

(d) School corporations shall be vested with all rights, titles, and interests of their respective predecessor township and town school corporations terminated; and in all the real, personal, and other property of any nature and from whatever source derived, and shall assume, pay, and be liable for all the indebtedness, obligations, and liabilities and duties of the predecessor corporations from whatever source derived and however arising, and shall institute and defend suits arising out of aforesaid liabilities, obligations, duties, and rights assumed as a county school corporation.

(e) The treasurer, before entering upon the duties of his office, shall execute a bond to the acceptance of the county auditor in an amount

C
o
p
y



1 equal to the largest sum of money that will be in the possession of the
 2 treasurer at any one time, conditioned as an ordinary official bond, with
 3 a reliable surety company or at least two (2) sufficient freehold sureties,
 4 who shall not be members of such board, as surety or sureties on such
 5 bond. The president and the secretary shall each give bond, with like
 6 surety or sureties, to be approved by the county auditor, in the sum of
 7 one-fourth (1/4) of said amount. Boards of school trustees may
 8 purchase bonds from some reliable surety company and pay for them
 9 out of the special school revenue of their respective counties.

10 (f) The powers set forth in this section shall not be considered as or
 11 construed to limit the power and authority of such boards to the powers
 12 therein expressly conferred or to restrict or modify any powers or
 13 authority granted by any other law not in conflict with the provisions
 14 of this section.

15 (g) Every such board shall have the power annually to levy such
 16 amount of taxes as in the judgment of such board, made matter of
 17 record in its minutes, should be levied to produce income sufficient to
 18 conduct and carry on the common schools committed to such board,
 19 and it is made the duty of such board annually to levy a rate and levy
 20 that will produce a sum sufficient to meet all payments of principal and
 21 interest as they will mature in the year for which such levy is made on
 22 the bonds, notes, or other obligations of such board. The power of such
 23 board in so making tax levies shall be exercised within existing
 24 statutory limits and said levies shall be subject to the same review as
 25 school city levies. **This subsection expires January 1, 2006.**

26 SECTION 66. IC 20-4-8-21 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 21. (a) The board as
 28 referred to in this chapter shall make decisions pertaining to the general
 29 conduct of the schools which shall be enforced as entered upon the
 30 minutes recorded by the secretary of the board, and, subject to this
 31 chapter, shall exercise all powers previously exercised under the law,
 32 by or through township trustees or meetings or petitions of the
 33 township trustees of the county, and/or county boards of education
 34 previously existing, and such offices, namely township trustee, county
 35 board and/or county boards of education insofar as the conduct of
 36 public schools is concerned are hereby abolished as of noon on the day
 37 and date the metropolitan school district is created and comes into
 38 existence.

39 (b) The metropolitan superintendent of schools and other persons
 40 employed for administrative or supervisory duties may be deemed to
 41 be supervisors of instruction and as such eligible, subject to the rules
 42 that have been or shall be adopted by the state board of education, to

C
o
p
y



1 qualify for teaching units in accordance with law.

2 (c) The government of the common schools of said district shall be
3 vested in the board, and the board shall function with all the authority,
4 powers, privileges, duties, and obligations previously granted to or
5 required of school cities and their governing boards generally under the
6 laws pertaining thereto with reference to the purchase of supplies,
7 purchase and sale of buildings, grounds, and equipment, the erection
8 of buildings, the employment and dismissal of school personnel, the
9 insuring of property and employees, the levying and collecting of taxes,
10 the making and executing of a budget, the borrowing of money, the
11 paying of the salaries and expenses of the county superintendent and
12 employees as approved by the board; shall be a body corporate and
13 politic by the name and style of "The Metropolitan School District of
14 _____, Indiana" with the right to prosecute and defend suits and
15 shall act in any manner necessary to the proper administration of the
16 common schools of the county.

17 (d) Such school districts shall be vested with all rights, titles, and
18 interests of their respective predecessor township and town school
19 corporations hereby terminated and in all the real, personal, and other
20 property of any nature and from whatever source derived, and shall
21 assume, pay, and be liable for all the indebtedness, obligations, and
22 liabilities and duties of said predecessor corporations from whatever
23 source derived and however arising and shall institute and defend suits
24 arising out of aforesaid liabilities, obligations, duties, and rights
25 assumed as a metropolitan school district.

26 (e) The treasurer, before entering upon the duties of his office, shall
27 execute a bond to the acceptance of the county auditor which shall in
28 no event be greater than the largest sum of money that will be in the
29 possession of the treasurer at any one time. The board of education may
30 purchase said bond from a reliable surety company and pay for it out
31 of the special school revenue of the metropolitan district.

32 (f) The powers set forth in this section shall not be considered as or
33 construed to limit the power and authority of such boards to the powers
34 therein expressly conferred or to restrict or modify any powers or
35 authority granted by any other law not in conflict with the provisions
36 of this section.

37 (g) Every such board shall have the power annually to levy such
38 amount of taxes as in the judgment of such board, made matter of
39 record in its minutes, should be levied to produce income sufficient to
40 conduct and carry on the common schools committed to such board,
41 and it is hereby made the duty of such board annually to levy a rate and
42 levy that will produce a sum sufficient to meet all payments of

C
o
p
y



principal and interest as they will mature in the year for which such levy is made on the bonds, notes, or other obligations of such board. The power of such board in so making tax levies shall be exercised within statutory limits and said levies shall be subject to the same review as school city levies. **This subsection expires January 1, 2006.**

SECTION 67. IC 20-4-8-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 22. ~~Provided, However, that~~ Wherever a metropolitan school district formed hereunder shall include territory lying in more than one (1) county the respective counties, boards, commissions, and officers of each of said counties shall do and perform and cause to be done and performed all things required hereby to form such metropolitan school district jointly and severally as the case may require for the proper formation and functioning thereof including but not restricted to the following: the dividing of the same into board member districts, the levying **or imposition** and collection of taxes **authorized by law** and allocation of receipts thereof, the filing of petitions for nomination, the printing and distribution of ballots, tabulating and certifying election results, and filling of vacancies.

SECTION 68. IC 20-4-8-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 23. Whenever any county or metropolitan school district shall have been created as provided herein, the boards of education of such districts shall be empowered to levy **or impose** and collect taxes **authorized by law that are** sufficient in amount to conduct the schools of said district. ~~in the same manner and with the same supervision that taxes are levied and collected by cities and towns.~~

SECTION 69. IC 20-4-15-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. Whenever any civil city or town shall after March 9, 1959, annex territory and the original school corporation at the time of annexation has an outstanding indebtedness, other than the indebtedness to be paid by the acquiring school corporation under section 2 of this chapter, the civil city or town shall assume and pay as the same shall become due, a portion of all installments of principal and interest which fall due on such indebtedness after the end of the last calendar year in which the original school corporation is entitled to receive current tax receipts ~~from property tax levies on the property~~ in the annexed territory. Such proportion shall be the same proportion as the valuation of the real property in the annexed territory bears to the valuation of all of the real property in the original school corporation, as the same is assessed for general taxation immediately prior to the annexation. Such payments

C
o
p
y



1 shall be made to the original school corporation as agent for payment
2 to the holders of the indebtedness.

3 SECTION 70. IC 20-4-16-1 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. As used in this
5 chapter, the following terms shall have the following meanings:

6 (a) "City" or "town" shall be a city or town which conducts its school
7 as school city or school town or as part of a consolidated or
8 metropolitan school corporation.

9 (b) "Annexing school corporation" shall be the school corporation of
10 any city or town which annexes territory.

11 (c) "Original school corporation" shall be a school corporation from
12 whom territory is annexed.

13 (d) "Annexed territory" shall be the territory annexed from an
14 original school corporation by such city or town.

15 (e) "Tax receipts" shall be the amounts received from ~~the property~~
16 ~~tax levy for the tuition and special school funds levies or the school~~
17 **option income tax** by the original school corporation from the annexed
18 territory.

19 SECTION 71. IC 20-4-56-1 IS AMENDED TO READ AS
20 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. Whenever, in the
21 judgment of a school trustee, or a board of school trustees, of any
22 school corporation in this state lying adjacent to a school corporation
23 of another state, the best interests of the public schools can be
24 promoted by purchasing school grounds, repairing or erecting a
25 schoolhouse or schoolhouses, and maintaining a school jointly between
26 the two (2) adjacent school corporations, the school trustee or school
27 trustees of the school corporation of this state so situated are hereby
28 empowered to enter into an agreement with the school authorities of
29 said adjacent school corporation for the purpose of purchasing school
30 grounds, repairing or constructing school building or buildings,
31 purchasing school furniture, equipment, appliances, fuel, employing
32 teachers and maintaining a school when, in the judgment of said school
33 trustee or trustees of this state, the best interests of the public school
34 can be promoted by so doing, and such trustee or trustees of this state
35 are hereby empowered to levy **or impose** taxes **authorized by law** and
36 perform such other duties in maintaining such joint school as are
37 otherwise provided by law for maintaining the public schools in this
38 state. In carrying out the provisions of this section, the school
39 corporation shall pay such proportion of the cost of purchasing school
40 grounds, repairing or erecting new building or buildings, and in
41 maintaining the joint school, as shall seem to be equitable and just, in
42 the judgment of the school trustees of the two (2) adjacent school

C
o
p
y



corporations.

SECTION 72. IC 20-4-57-5, AS ADDED BY P.L.178-2002, SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. (a) An annexing corporation may file a petition of appeal with the department of local government finance for emergency financial relief **before January 1, 2006**.

(b) The annexing corporation shall serve the petition on the following:

(1) The department.

(2) The township.

(3) The township school.

(4) Any other annexing corporation that annexed the township school on the same date.

(c) All annexing corporations are parties to the petition.

SECTION 73. IC 20-4-57-6, AS ADDED BY P.L.178-2002, SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 6. If the department of local government finance receives a petition of appeal under section 5 of this chapter, the department of local government finance shall submit the petition to the school property tax control board (**terminated January 1, 2006**) established under IC 6-1.1-19-4.1 (**repealed January 1, 2006**) for a fact finding hearing.

SECTION 74. IC 20-4-57-7, AS ADDED BY P.L.178-2002, SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. (a) If the department of local government finance submits a petition to the school property tax control board (**terminated January 1, 2006**) under section 5 of this chapter, the school property tax control board shall hold a fact finding hearing.

(b) At a hearing described in subsection (a), the school property tax control board shall determine the following:

(1) Whether the township school has made all payments required by any statute, including the following:

(A) P.L.32-1999.

(B) IC 20-4-4-7 and IC 20-4-16-3.

(C) The resolution or plan of annexation of the township school, including:

(i) any amendment to the resolution or plan;

(ii) any supporting or related documents; and

(iii) any agreement between the township school and an annexing corporation relating to the winding up of affairs of the township school.

(2) The amount, if any, by which the township school is in arrears

C
o
p
y



on any payment described in subdivision (1).

(3) Whether the township school has filed with the department all reports concerning the affairs of the township school, including all transfer tuition reports required for the two (2) school years immediately preceding the date on which the township school was annexed.

(c) In determining the amount of arrears under subsection (b)(2), the school property tax control board shall consider all amounts due to an annexing corporation, including the following:

(1) Any transfer tuition payments due to the annexing corporation.

(2) All levies, excise tax distributions, and state distributions received by the township school and due to the annexing corporation, including levies and distributions received by the township school after the date on which the township school was annexed.

(3) All excessive levies that the township school agreed to impose and pay to an annexing corporation but failed to impose.

(d) If, in a hearing under this section, a school property tax control board determines that a township school has:

(1) under subsection (b)(1), failed to make a required payment; or

(2) under subsection (b)(3), failed to file a required report;

the department may act under section 8 of this chapter.

SECTION 75. IC 20-4-57-8, AS ADDED BY P.L.178-2002, SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 8. (a) If a school property tax control board **(terminated January 1, 2006)** makes a determination under section 7(d) of this chapter, the department:

(1) may prohibit a township from:

(A) acquiring real estate;

(B) making a lease or incurring any other contractual obligation calling for an annual outlay by the township exceeding ten thousand dollars (\$10,000);

(C) purchasing personal property for a consideration greater than ten thousand dollars (\$10,000); and

(D) adopting or advertising a budget, tax levy, or tax rate for any calendar year;

until the township school has made all required payments under section 7(b)(1) of this chapter and filed all required reports under section 7(b)(3) of this chapter; and

(2) shall certify to the treasurer of state the amount of arrears determined under section 7(b)(3) of this chapter.

(b) Upon being notified of the amount of arrears certified under

C
o
p
y



subsection (a)(2), the treasurer of state shall make payments from the funds of state to the extent, but not in excess, of any amounts appropriated by the general assembly for distribution to the township school, deducting the payments from any amount distributed to the township school.

SECTION 76. IC 20-4-57-9, AS ADDED BY P.L.178-2002, SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. The department may grant permission to a township school or a township to impose an excess levy to satisfy its obligations under this chapter **before January 1, 2006, or, after December 31, 2005, only if the levy is authorized under IC 21-2-4-3.**

SECTION 77. IC 20-5-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. As used in IC 20-5-1 through IC 20-5-6, the following terms shall have the following meanings:

(a) "School corporation" shall mean any local public school corporation established under the laws of the state of Indiana, including but not limited to school cities, school towns, metropolitan school districts, consolidated school corporations, county school corporations, community school corporations, ~~and~~ united school corporations, ~~excluding, however, and~~ school townships.

(b) "Governing body" shall mean the board of commissioners charged by law with the responsibility of administering the affairs of a school corporation, including but not limited to a board of school commissioners, metropolitan board of education, board of school trustees, or board of trustees, and "member" shall mean a member of such governing body.

(c) "School purposes" shall mean the general purposes and powers provided in IC 20-5-2-1.2 and IC 20-5-2-2. However, the delineation of a specific power in IC 20-5-2-2 shall not be construed as a limitation on the general powers and purposes set out in IC 20-5-2-1.2.

SECTION 78. IC 20-5-1.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. A school corporation does not have any of the following powers:

- (1) Those powers expressly prohibited of a unit under IC 36-1-3-8.
- (2) The power for eminent domain, unless specifically authorized by statute.
- (3) The power to prescribe a civil penalty or a fine.
- (4) The power to adopt ordinances.
- (5) The power to require the attendance of witnesses and the production of documents relative to matters being considered, unless specifically authorized by statute.

C
o
p
y



(6) The power to exercise powers outside of the boundaries of the school corporation, unless authorized by statute through joint agreements or otherwise.

(7) The power to impose an ad valorem property tax levy for property taxes first due and payable after December 31, 2005, except as authorized under IC 21-2-4-3.

SECTION 79. IC 20-5-1.7 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

Chapter 1.7. Budget Procedures

Sec. 1. A school corporation shall formulate:

- (1) its estimated budget on the form approved by the state board of accounts, if subdivision (2) does not apply; and
- (2) if it imposes an ad valorem property tax levy under IC 21-2-4-3, its proposed budget, property tax rate, and property tax levy on the form prescribed by the department of local government finance and approved by the state board of accounts.

Sec. 2. (a) The school corporation shall give notice by publication to taxpayers of:

- (1) the estimated budget;
- (2) the current school option income tax rate for the school district; and
- (3) the current and proposed tax levy for the debt service fund.

(b) In the notice, the school corporation shall also state the time and place at which a public hearing will be held.

(c) The notice shall be published twice in accordance with IC 5-3-1.

(d) The first notice must be published not later than ten (10) days before the hearing conducted under section 3 of this chapter.

Sec. 3. The governing body of a school corporation shall conduct a public hearing on its proposed budget for an ensuing budget year in the school district for the school corporation.

Sec. 4. Ten (10) or more taxpayers may object to a budget, tax rate, or tax levy of a school corporation fixed under section 3 of this chapter by filing an objection petition with the governing body of the school corporation not more than seven (7) days after the hearing. The objection petition must specifically identify the provisions of the budget, tax rate, and tax levy to which the taxpayers object.

Sec. 5. (a) The governing body of a school corporation shall meet each year to fix:

**C
o
p
y**



(1) the budget; and

(2) if a property tax levy is proposed to pay a debt service obligation under IC 21-2-4-3, the property tax levy and property tax rate for debt service fund for the ensuing budget year.

(b) The meeting under subsection (a) must be held not earlier than ten (10) days after the hearing conducted under section 3 of this chapter and not later than the following:

(1) For the governing board of a school corporation that is located in South Bend, not later than:

(A) February 1 if a resolution adopted under section 6(a) of this chapter is not in effect; or

(B) September 20 if a resolution adopted under section 6(a) of this chapter is in effect.

(2) For the governing body of all other school corporations, not later than September 20.

(c) If a petition is filed under section 4 of this chapter, the fiscal body of the school corporation shall adopt with its budget a finding concerning the objections in the petition and any testimony presented at the adoption hearing.

(d) If the governing body for a school corporation does not fix the budget, tax rate, and tax levy of the school corporation for the ensuing budget year as required under this section:

(1) the most recent annual appropriations; and

(2) if a property tax is authorized under IC 21-2-4-3, the annual tax levy for the debt service fund;

are continued for the ensuing budget year.

Sec. 6. (a) The governing body of the school corporation may adopt a resolution to cease using a school year budget year and return to using a calendar year budget year. A resolution adopted under this subsection must be adopted after January 1 and before July 1. The school corporation's initial calendar year budget year following the adoption of a resolution under this subsection begins on January 1 of the year following the year the resolution is adopted. The first six (6) months of the initial calendar year budget for the school corporation must be consistent with the last six (6) months of the final school year budget fixed by the department of local government finance before the adoption of a resolution under this subsection.

(b) A resolution adopted under subsection (a) may be rescinded by a subsequent resolution adopted by the governing body. If the governing body of the school corporation rescinds a resolution

**C
o
p
y**



1 adopted under subsection (a) and returns to a school year budget
 2 year, the school corporation's initial school year budget year
 3 begins on July 1 following the adoption of the rescinding resolution
 4 and ends on June 30 of the following year. The first six (6) months
 5 of the initial school year budget for the school corporation must be
 6 consistent with the last six (6) months of the last calendar year
 7 budget fixed by the department of local government finance before
 8 the adoption of a rescinding resolution under this subsection.

9 Sec. 7. (a) This section applies if a school corporation imposes a
 10 property tax levy for its debt service fund under IC 21-2-4-3.

11 (b) Each year, at least two (2) days before the first meeting of the
 12 county board of tax adjustment held under IC 6-1.1-29-4, the
 13 school corporation shall file with the county auditor:

14 (1) a statement of the tax rate and tax levy fixed by the school
 15 corporation for the ensuing budget year;

16 (2) two (2) copies of the budget adopted by the school
 17 corporation for the ensuing budget year; and

18 (3) any written notification from the department of local
 19 government finance under IC 6-1.1-17-16(i) that specifies a
 20 proposed revision, reduction, or increase in the budget adopted
 21 by the school corporation for the ensuing budget year.

22 (c) Each year the county auditor shall present these items to the
 23 county board of tax adjustment at the board's first meeting.

24 SECTION 80. IC 20-5-2-2, AS AMENDED BY P.L.286-2001,
 25 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JULY 1, 2004]: Sec. 2. In carrying out the school purposes of each
 27 school corporation, its governing body acting on its behalf shall have
 28 the following specific powers:

29 (1) In the name of the school corporation, to sue and be sued and
 30 to enter into contracts in matters permitted by applicable law.

31 (2) To take charge of, manage, and conduct the educational affairs
 32 of the school corporation and to establish, locate, and provide the
 33 necessary schools, school libraries, other libraries where permitted
 34 by law, other buildings, facilities, property, and equipment
 35 therefor.

36 (2.5) To appropriate ~~from the general fund~~ an amount, not to
 37 exceed the greater of three thousand dollars (\$3,000) per budget
 38 year or one dollar (\$1) per pupil, not to exceed twelve thousand
 39 five hundred dollars (\$12,500), based upon the school
 40 corporation's previous year's average daily membership (as defined
 41 in IC 21-3-1.6-1.1) for the purpose of promoting the best interests
 42 of the school corporation by:

C
o
p
y



(A) the purchase of meals, decorations, memorabilia, or awards;

(B) provision for expenses incurred in interviewing job applicants; or

(C) developing relations with other governmental units.

(3) To acquire, construct, erect, maintain, hold, and to contract for such construction, erection, or maintenance of such real estate, real estate improvements, or any interest in either, as the governing body deems necessary for school purposes, including but not limited to buildings, parts of buildings, additions to buildings, rooms, gymnasiums, auditoriums, playgrounds, playing and athletic fields, facilities for physical training, buildings for administrative, office, warehouse, repair activities, or housing of school owned buses, landscaping, walks, drives, parking areas, roadways, easements and facilities for power, sewer, water, roadway, access, storm and surface water, drinking water, gas, electricity, other utilities and similar purposes, by purchase, either outright for cash (or under conditional sales or purchases money contracts providing for a retention of a security interest by seller until payment is made or by notes where such contract, security retention, or note is permitted by applicable law), by exchange, by gift, by devise, by eminent domain, by lease with or without option to purchase, or by lease under IC 21-5-10, IC 21-5-11, or IC 21-5-12. To repair, remodel, remove, or demolish any such real estate, real estate improvements, or interest in either, as the governing body deems necessary for school purposes, and to contract therefor. To provide for energy conservation measures through utility energy efficiency programs or under a guaranteed energy savings contract as described in IC 36-1-12.5.

(4) To acquire such personal property or any interest therein as the governing body deems necessary for school purposes, including but not limited to buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by outright purchase for cash, or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where such contract, security, retention, or note is permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish such personal property. All purchases and contracts delineated under the powers given under subdivision (3) and this subdivision shall be subject solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of

**C
o
p
y**



agencies of the state as provided in section 3 of this chapter.

(5) To sell or exchange any of such real or personal property or interest therein, which in the opinion of the governing body is not necessary for school purposes, in accordance with IC 20-5-5, to demolish or otherwise dispose of such property if, in the opinion of the governing body, it is not necessary for school purposes and is worthless, and to pay the expenses for such demolition or disposition.

(6) To lease any school property for a rental which the governing body deems reasonable or to permit the free use of school property for:

(A) civic or public purposes; or

(B) the operation of a school age child care program for children aged five (5) through fourteen (14) years that operates before or after the school day, or both, and during periods when school is not in session;

if the property is not needed for school purposes. Under this subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or other governmental entity, if the corporation, organization, or other governmental entity will use the property to be leased for civic or public purposes or for a school age child care program. However, if the property subject to a long term lease is being paid for from money in the school corporation's debt service fund, then all proceeds from the long term lease shall be deposited in that school corporation's debt service fund so long as the property has not been paid for. The governing body may, at its option, use the procedure specified in IC 36-1-11-10 in leasing property under this subdivision.

(7) To employ, contract for, and discharge superintendents, supervisors, principals, teachers, librarians, athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-6.1-3), business managers, superintendents of buildings and grounds, janitors, engineers, architects, physicians, dentists, nurses, accountants, teacher aides performing noninstructional duties, educational and other professional consultants, data processing and computer service for school purposes, including but not limited to the making of schedules, the keeping and analyzing of grades and other student data, the keeping and preparing of warrants, payroll, and similar data where approved by the state board of accounts as provided below, and such other personnel or services, all as the

C
o
p
y



governing body considers necessary for school purposes. To fix and pay the salaries and compensation of such persons and such services. To classify such persons or services and to adopt schedules of salaries or compensation. To determine the number of such persons or the amount of services thus employed or contracted for. To determine the nature and extent of their duties. The compensation, terms of employment, and discharge of teachers shall, however, be subject to and governed by the laws relating to employment, contracting, compensation, and discharge of teachers. The compensation, terms of employment, and discharge of bus drivers shall be subject to and shall be governed by any laws relating to employment, contracting, compensation, and discharge of bus drivers. The forms and procedures relating to the use of computer and data processing equipment in handling the financial affairs of such school corporation shall be submitted to the state board of accounts for approval to the end that such services shall be used by the school corporation when the governing body determines that it is in the best interests of the school corporation while at the same time providing reasonable accountability for the funds expended.

(8) Notwithstanding the appropriation limitation in subdivision (2.5), when the governing body by resolution deems a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including but not limited to attending meetings, conferences, or examining equipment, buildings, and installation in other areas, to permit such employee to be absent in connection with such trip without any loss in pay and to refund to such employee or to such member his reasonable hotel and board bills and necessary transportation expenses. To pay teaching personnel for time spent in sponsoring and working with school related trips or activities.

(9) To transport children to and from school, when in the opinion of the governing body such transportation is necessary, including but not limited to considerations for the safety of such children and without regard to the distance they live from the school, such transportation to be otherwise in accordance with the laws applicable thereto.

(10) To provide a lunch program for a part or all of the students attending the schools of the school corporation, including but not limited to the establishment of kitchens, kitchen facilities, kitchen equipment, lunch rooms, the hiring of the necessary personnel to operate such program, and the purchase of any material and

**c
o
p
y**



supplies therefor, charging students for the operational costs of such lunch program, fixing the price per meal or per food item. To operate such lunch program as an extracurricular activity, subject to the supervision of the governing body. To participate in any surplus commodity or lunch aid program.

(11) To purchase textbooks, to furnish them without cost or to rent them to students, to participate in any textbook aid program, all in accordance with applicable law.

(12) To accept students transferred from other school corporations and to transfer students to other school corporations in accordance with applicable law.

(13) To levy **or impose taxes authorized by law**, to make budgets, to appropriate funds, and to disburse the money of the school corporation in accordance with the laws applicable thereto. To borrow money against current tax collections and otherwise to borrow money, in accordance with IC 20-5-4.

(14) To purchase insurance or to establish and maintain a program of self-insurance relating to the liability of the school corporation or its employees in connection with motor vehicles or property and for any additional coverage to the extent permitted and in accordance with IC 34-13-3-20. To purchase additional insurance or to establish and maintain a program of self-insurance protecting the school corporation and members of the governing body, employees, contractors, or agents of the school corporation from any liability, risk, accident, or loss related to any school property, school contract, school or school related activity, including but not limited to the purchase of insurance or the establishment and maintenance of a self-insurance program protecting such persons against false imprisonment, false arrest, libel, or slander for acts committed in the course of their employment, protecting the school corporation for fire and extended coverage and other casualty risks to the extent of replacement cost, loss of use, and other insurable risks relating to any property owned, leased, or held by the school corporation. To:

(A) participate in a state employee health plan under IC 5-10-8-6.6;

(B) purchase insurance; or

(C) establish and maintain a program of self-insurance;

to benefit school corporation employees, which may include accident, sickness, health, or dental coverage, provided that any plan of self-insurance shall include an aggregate stop-loss provision.

C
o
p
y



(15) To make all applications, to enter into all contracts, and to sign all documents necessary for the receipt of aid, money, or property from the state government, the federal government, or from any other source.

(16) To defend any member of the governing body or any employee of the school corporation in any suit arising out of the performance of his duties for or employment with, the school corporation, provided the governing body by resolution determined that such action was taken in good faith. To save any such member or employee harmless from any liability, cost, or damage in connection therewith, including but not limited to the payment of any legal fees, except where such liability, cost, or damage is predicated on or arises out of the bad faith of such member or employee, or is a claim or judgment based on his malfeasance in office or employment.

(17) To prepare, make, enforce, amend, or repeal rules, regulations, and procedures for the government and management of the schools, property, facilities, and activities of the school corporation, its agents, employees, and pupils and for the operation of its governing body, which rules, regulations, and procedures may be designated by any appropriate title such as "policy handbook", "bylaws", or "rules and regulations".

(18) To ratify and approve any action taken by any member of the governing body, any officer of the governing body, or by any employee of the school corporation after such action is taken, if such action could have been approved in advance, and in connection therewith to pay any expense or compensation permitted under IC 20-5-1 through IC 20-5-6 or any other law.

(19) To exercise any other power and make any expenditure in carrying out its general powers and purposes provided in this chapter or in carrying out the powers delineated in this section which is reasonable from a business or educational standpoint in carrying out school purposes of the school corporation, including but not limited to the acquisition of property or the employment or contracting for services, even though such power or expenditure shall not be specifically set out herein. The specific powers set out in this section shall not be construed to limit the general grant of powers provided in this chapter except where a limitation is set out in IC 20-5-1 through IC 20-5-6 by specific language or by reference to other law.

SECTION 81. IC 20-5-2.5-2, AS ADDED BY P.L.232-1999, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

C
O
P
Y



JULY 1, 2004]: Sec. 2. Subject to IC 20-5-2-2(14) and IC 21-2-5.6 **(repealed January 1, 2006)** and notwithstanding any other law, any self-insurance program must comply with this chapter.

SECTION 82. IC 20-5-2.5-4, AS AMENDED BY P.L.14-2000, SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) A self-insurance program must be written on an incurred claims basis.

(b) The governing body must fund a self-insurance program as described in IC 21-2-5.6-1(2) **(repealed January 1, 2006)** to **include provide health care services (as defined in IC 27-8-11-1)** coverage for all eligible incurred claims.

(c) ~~Subject to IC 21-2-5.6 and~~ Notwithstanding any other law:

(1) contributions made on behalf of individuals covered under the self-insurance program, including employee and employer contributions; and

(2) transfers or allocations of funds by a governing body; for coverage for health care services under a self-insurance program must be directly deposited into ~~the self-insurance~~ **a separate fund established under IC 21-2-5.6-1(2) or account** and may not be transferred to other accounts or expended for any other purpose.

(d) The separate fund or account may be used to provide money for:

(1) the payment of any judgment rendered against the school corporation or any officer or employee of the school corporation for which the school corporation is liable under IC 34-13-2, IC 34-13-3, or IC 34-13-4 (or IC 34-4-16.5, IC 34-4-16.6, or IC 34-4-16.7 before their repeal);

(2) the payment of any claim or settlement for which the school corporation is liable under IC 34-13-2, IC 34-13-3, or IC 34-13-4 (or IC 34-4-16.5, IC 34-4-16.6, or IC 34-4-16.7 before their repeal);

(3) the payment of any premium, management fee, claim, or settlement for which the school corporation is liable under any federal or state statute including but not limited to payments under IC 22-3 and IC 22-4; or

(4) the payment of any settlement or claim for which insurance coverage is permitted under IC 20-5-2-2(14).

(e) Any balance remaining in the separate fund or account at the end of any fiscal year remains in the fund for the following year and does not revert to the general fund.

SECTION 83. IC 20-5-4-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. The governing body shall

C
o
p
y



1 provide for the payment of principal and interest of such bonds by
 2 levying **or imposing** annually a tax **authorized by law** sufficient to
 3 pay the principal and interest as they shall become due. ~~The bodies~~
 4 ~~charged with the review of budgets and tax levies shall review such~~
 5 ~~levy for principal and interest to ascertain that such levy is sufficient~~
 6 ~~for such purposes.~~

7 SECTION 84. IC 20-5-4-6 IS AMENDED TO READ AS FOLLOWS
 8 [EFFECTIVE JULY 1, 2004]: Sec. 6. If the governing board shall find,
 9 by written resolution, that an emergency exists which requires the
 10 expenditure of any money for any lawful corporate purpose which was
 11 not included in its existing budget and tax levy **or rate** it may authorize
 12 the making of an emergency loan which may be evidenced by the
 13 issuance of its note or notes in the same manner and subject to the
 14 same procedure and restrictions as provided for the issuance of its
 15 bonds, except as to purpose. At the time for making the next annual
 16 budget and tax levy for such school corporation, the governing body
 17 shall make a levy **(before January 1, 2006) or a distribution of**
 18 **school option income taxes (after December 31, 2005)** to the credit
 19 of the fund for which such expenditure is made sufficient to pay such
 20 debt and the interest thereon; however, the interest on the loan may be
 21 paid from the debt service fund.

22 SECTION 85. IC 20-5-4-7, AS AMENDED BY P.L.90-2002,
 23 SECTION 406, IS AMENDED TO READ AS FOLLOWS
 24 [EFFECTIVE JULY 1, 2004]: Sec. 7. The provisions of all general
 25 statutes and rules relating to filing of petitions requesting the issuance
 26 of bonds and giving notice thereof, giving notice of determination to
 27 issue bonds, giving notice of a hearing on the appropriation of the
 28 proceeds of the bonds and the right of taxpayers to appear and be heard
 29 on the proposed appropriation, the approval of the appropriation by the
 30 department of local government finance **(if applicable)**, and the right
 31 of taxpayers to remonstrate against the issuance of bonds shall be
 32 applicable to proceedings for the issuance of bonds and the making of
 33 an emergency loan under IC 20-5-1 through IC 20-5-6. No action to
 34 contest the validity of such bonds or emergency loans shall be brought
 35 later than five (5) days after the acceptance of a bid for the sale thereof.

36 SECTION 86. IC 20-5-4-8 IS AMENDED TO READ AS FOLLOWS
 37 [EFFECTIVE JULY 1, 2004]: Sec. 8. (a) Whenever the governing
 38 board of a school corporation finds and declares that an emergency
 39 exists for the borrowing of money with which to pay current expenses
 40 from a particular fund before the receipt of revenues from taxes levied
 41 **or imposed** or state tuition support distributions for such fund, the
 42 governing board may issue warrants in anticipation of the receipt of

C
o
p
y



1 said revenues.

2 (b) The principal of these warrants shall be payable solely from the
3 fund for which the taxes are levied or from the general fund in the case
4 of anticipated state tuition support distributions. However, the interest
5 on these warrants may be paid from the debt service fund, from the
6 fund for which the taxes are levied, or the general fund in the case of
7 anticipated state tuition support distributions.

8 (c) The amount of principal of temporary loans maturing on or before
9 June 30 for any fund shall not exceed eighty percent (80%) of the
10 amount of taxes and state tuition support distributions estimated to be
11 collected or received for and distributed to the fund at the June
12 settlement.

13 (d) The amount of principal of temporary loans maturing after June
14 30, and on or before December 31, shall not exceed eighty percent
15 (80%) of the amount of taxes and state tuition support distributions
16 estimated to be collected or received for and distributed to the fund at
17 the December settlement.

18 (e) At each settlement, the amount of taxes and state tuition support
19 distributions estimated to be collected or received for and distributed
20 to the fund includes any allocations to the fund from the property tax
21 replacement fund.

22 (f) The estimated amount of taxes and state tuition support
23 distributions to be collected or received and distributed shall be made
24 by the county auditor or the auditor's deputy. The warrants evidencing
25 any loan in anticipation of tax revenue or state tuition support
26 distributions shall not be delivered to the purchaser of the warrant nor
27 payment made on the warrant before January 1 of the year the loan is
28 to be repaid. However, the proceedings necessary to the loan may be
29 held and carried out before January 1 and before the approval. The loan
30 may be made even though a part of the last preceding June or
31 December settlement has not yet been received.

32 (g) Proceedings for the issuance and sale of warrants for more than
33 one (1) fund may be combined, but separate warrants for each fund
34 shall be issued and each warrant shall state on its face the fund from
35 which its principal is payable. No action to contest the validity of such
36 warrants shall be brought later than fifteen (15) days from the first
37 publication of notice of sale.

38 (h) No issue of tax or state tuition support anticipation warrants shall
39 be made if the aggregate of all these warrants exceed twenty thousand
40 dollars (\$20,000) until the issuance is advertised for sale, bids received,
41 and an award made by the governing board as required for the sale of
42 bonds, except that the sale notice need not be published outside of the

**C
o
p
y**



county nor more than ten (10) days before the date of sale.

SECTION 87. IC 20-5-4-10, AS AMENDED BY P.L.90-2002, SECTION 407, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 10. ~~(1)~~ **(a) This subsection applies only to the extent that a school corporation is authorized to impose a property tax levy under IC 21-2-4-3.** Prior to the end of each calendar year the department of local government finance shall review the bond and lease rental levies, or any levies which replace such levies, of each school corporation, payable in the next succeeding year, and the appropriations from such levies from which the school corporation is to pay the amount, if any, of principal and interest on its general obligation bonds and of its lease rentals under IC 21-5-11 through IC 21-5-12, during such succeeding year (such amounts being referred to in this section as its "debt service obligations"). In the event such levies and appropriations of the school corporation are not sufficient to pay the debt service obligations, the department of local government finance shall establish for each school corporation bond and lease, rental levies, or any levies which replace such levies and appropriations which are sufficient to pay such debt service obligations.

~~(2)~~ **(b)** Upon the failure of any school corporation to pay any of its debt service obligations during any calendar year when due, the treasurer of state upon being notified of such failure by any claimant shall make such payment from the funds of the state to the extent, but not in excess, of any amounts appropriated by the general assembly for the calendar year for distribution to such school corporation from state funds, deducting such payment from such amounts thus appropriated. ~~Such deducting being made, first from property tax relief funds to the extent thereof; second from all other funds except tuition support and third from tuition support.~~

~~(3)~~ **(c)** This section shall be interpreted liberally so that the state of Indiana shall to the extent legally valid ensure that the debt service obligations of each school corporation shall be paid, but nothing contained in this section shall be construed to create a debt of the state of Indiana.

SECTION 88. IC 20-5-4.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 4.5. Procedures for Issuance of Bonds and Other Evidence of Indebtedness

Sec. 1. As used in this chapter, "bonds" means any bonds or other evidences of indebtedness payable by a school corporation.

C
o
p
y



The term does not include:

- (1) warrants representing temporary loans that are payable out of taxes levied or imposed and in the course of collection;
- (2) a lease;
- (3) obligations; or
- (4) funding, refunding, or judgment funding bonds of school corporations.

Sec. 2. As used in this chapter, "controlled project" means any project financed by bonds or a lease, except for the following:

- (1) A project that will not cost the political subdivision more than two million dollars (\$2,000,000).
- (2) A project that is being refinanced to provide gross or net present value savings to taxpayers.
- (3) A project that is required by a court order holding that a federal law mandates the project.
- (4) A project that is subject to the procedures in IC 6-1.1-20-3.1 and IC 6-1.1-20-3.2.

Sec. 3. As used in this chapter, "debt service" means principal of and interest on bonds. The term includes the repayment of an advance from the common school fund under IC 21-1-5-3.

Sec. 4. As used in this chapter, "lease" means a lease by a school corporation of any controlled project.

Sec. 5. As used in this chapter, "lease rentals" means the payments required under a lease.

Sec. 6. As used in this chapter, "obligations" refers to a contract or promise to pay of a political subdivision that would be considered a bond or lease under this chapter but for the fact that it is payable solely from funds other than property taxes.

Sec. 7. As used in this chapter, "project" means any project or purpose for which a school corporation may issue bonds or enter into leases, including a sale-lease back of an existing building.

Sec. 8. A political subdivision may, subject to the limitations provided by law, issue any bonds, notes, or warrants, or enter into any leases or obligations that it considers necessary.

Sec. 9. (a) When the governing body of a school corporation decides to issue bonds in a total amount that exceeds five thousand dollars (\$5,000), the governing body shall give notice of the decision by:

- (1) posting; and
- (2) publication once each week for two (2) weeks.

The notice required by this section shall be posted in three (3) public places in the political subdivision and published in

C
O
P
Y



1 accordance with IC 5-3-1-4. The decision to issue bonds may be a
2 preliminary decision.

3 (b) Ten (10) or more taxpayers who will be affected by the
4 proposed issuance of the bonds and who wish to object to the
5 issuance on the grounds that it is unnecessary or excessive may file
6 a petition in the office of the auditor of the county in which the
7 political subdivision is located. The petition must be filed within
8 fifteen (15) days after the notice required by subsection (a) is given
9 and must contain the objections of the taxpayers and facts that
10 show the proposed issue is unnecessary or excessive. When
11 taxpayers file a petition in the manner prescribed in this
12 subsection, the county auditor shall immediately forward a
13 certified copy of the petition and any other relevant information to
14 the department of local government finance.

15 Sec. 10. (a) Upon receipt of a certified petition filed in the manner
16 prescribed in section 9 of this chapter, the department of local
17 government finance shall fix a date, time, and place for a hearing
18 on the matter. The department of local government finance shall
19 hold the hearing not less than five (5) or more than thirty (30) days
20 after the department receives the petition, and the department
21 shall hold the hearing in the political subdivision or in the county
22 where the political subdivision is located. At least five (5) days
23 before the date fixed for the hearing, the department of local
24 government finance shall give notice of the hearing, by mail, to the
25 executive officer of the political subdivision and to the first ten (10)
26 taxpayers who signed the petition. The mailings shall be addressed
27 to the officer and the taxpayers at their usual place of residence.

28 (b) After the hearing required by this section, the department of
29 local government finance may approve, disapprove, or reduce the
30 amount of the proposed issue. The department of local government
31 finance must render a decision not later than three (3) months after
32 the hearing. If no decision is rendered within that time, the issue is
33 considered approved unless the department takes the extension
34 provided for in this section. A three (3) month extension of the time
35 during which the decision must be rendered may be taken by the
36 department of local government finance if the department gives
37 notice of the extension by mail to the executive officer of the
38 political subdivision and to the first ten (10) taxpayers who signed
39 the petition, at least ten (10) days before the end of the original
40 three (3) month period. If no decision is rendered within the
41 extension period, the issue is considered approved.

42 (c) A:

**C
O
P
Y**



(1) taxpayer who signed a petition referred to in subsection (a);
or

(2) political subdivision against which a petition referred to in
subsection (a) is filed;

may petition for judicial review of the final determination of the
department of local government finance under subsection (b). The
petition must be filed in the tax court not more than forty-five (45)
days after the department renders its decision under subsection (b).

Sec. 11. A school corporation may not pay debt service or lease
rentals for a controlled project without completing the following
procedures:

(1) The governing body of a school corporation shall:

(A) publish notice in accordance with IC 5-3-1; and

(B) send notice by first class mail to any organization that
delivers to the officers, before January 1 of that year, an
annual written request for such notices;

of any meeting to consider adoption of a resolution or an
ordinance making a preliminary determination to issue bonds
or enter into a lease and shall conduct a public hearing on a
preliminary determination before adoption of the resolution or
ordinance.

(2) When the governing body of a school corporation makes a
preliminary determination to issue bonds or enter into a lease,
the officers shall give notice of the preliminary determination
by:

(A) publication in accordance with IC 5-3-1; and

(B) first class mail to the organizations described in
subdivision (1)(B).

(3) A notice under subdivision (2) of the preliminary
determination of the school corporation to issue bonds or enter
into a lease must include the following information:

(A) The maximum term of the bonds or lease.

(B) The maximum principal amount of the bonds or the
maximum lease rental for the lease.

(C) The estimated interest rates that will be paid and the
total interest costs associated with the bonds or lease.

(D) The purpose of the bonds or lease.

(E) A statement that any owners of real property within the
school corporation who want to initiate a petition and
remonstrance process against the proposed debt service or
lease payments must file a petition that complies with
subdivisions (4) and (5) not later than thirty (30) days after

C
o
p
y



publication in accordance with IC 5-3-1.

(F) With respect to bonds issued or a lease entered into to open:

(i) a new school facility; or

(ii) an existing facility that has not been used for at least three (3) years and that is being reopened to provide additional classroom space;

the estimated costs the school corporation expects to incur annually to operate the facility.

(4) After notice is given, a petition requesting the application of a petition and remonstrance process may be filed by the lesser of:

(A) one hundred (100) registered voters within the school corporation; or

(B) five percent (5%) of the owners of real property within the school corporation.

(5) The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor or the county auditor's designated printer the petition forms to be used solely in the petition process described in this section. The county auditor shall issue to an owner or owners of real property within the school corporation the number of petition forms requested by the owner or owners. Each form must be accompanied by instructions detailing the requirements that:

(A) the carrier and signers must be owners of real property;

(B) the carrier must be a signatory on at least one (1) petition;

(C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature; and

(D) govern the closing date for the petition period.

Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners.

(6) Each petition must be verified under oath by at least one (1) qualified petitioner in a manner prescribed by the state board of accounts before the petition is filed with the county auditor under subdivision (7).

(7) Each petition must be filed with the county auditor not more than thirty (30) days after publication under subdivision (2) of the notice of the preliminary determination.

(8) The county auditor must file a certificate and each petition

C
o
p
y



with:

(A) the township trustee, if the school corporation is a township, who shall present the petition or petitions to the township board; or

(B) the body that has the authority to authorize the issuance of the bonds or the execution of a lease, if the school corporation is not a township;

within fifteen (15) business days of the filing of the petition requesting a petition and remonstrance process. The certificate must state the number of petitioners that are owners of real property within the school corporation.

If a sufficient petition requesting a petition and remonstrance process is not filed by qualified petitioners under this section, the school corporation may issue bonds or enter into a lease by following the provisions of law relating to the bonds to be issued or lease to be entered into.

Sec. 12. If a sufficient petition requesting the application of a petition and remonstrance process has been filed as set forth in section 11 of this chapter for a controlled project, a school corporation may not pay debt service or lease rentals without completing the following procedures:

(1) The governing body of the school corporation shall give notice of the applicability of the petition and remonstrance process by:

(A) publication in accordance with IC 5-3-1; and

(B) first class mail to the organizations described in section 11(1)(B) of this chapter.

A notice under this subdivision must include a statement that any registered voters or owners of real property within the school corporation who want to petition in favor of or remonstrate against the proposed debt service or lease payments must file petitions and remonstrances in compliance with subdivisions (2) through (4) not earlier than thirty (30) days or later than sixty (60) days after publication in accordance with IC 5-3-1.

(2) Not earlier than thirty (30) days or later than sixty (60) days after the notice under subdivision (1) is given:

(A) petitions (described in subdivision (3)) in favor of the bonds or lease; and

(B) remonstrances (described in subdivision (3)) against the bonds or lease;

may be filed by an registered voter or owner or owners of real

**C
O
P
Y**



property within the school corporation. Each signature on a petition must be dated and the date of signature may not be before the date on which the petition and remonstrance forms may be issued under subdivision (3). A petition described in clause (A) or a remonstrance described in clause (B) must be verified in compliance with subdivision (4) before the petition or remonstrance is filed with the county auditor under subdivision (4).

(3) The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor or the county auditor's designated printer the petition and remonstrance forms to be used solely in the petition and remonstrance process described in this section. The county auditor shall issue to a registered voter or an owner or owners of real property within the school corporation the number of petition or remonstrance forms requested by the registered voter or owner or owners. Each form must be accompanied by instructions detailing the requirements that:

(A) the carrier and signers must be registered voters or owners of real property in the school district;

(B) the carrier must be a signatory on at least one (1) petition;

(C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature;

(D) govern the closing date for the petition and remonstrance period; and

(E) apply to the carrier under section 10 of this chapter.

Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners. The county auditor may not issue a petition or remonstrance form earlier than twenty-nine (29) days after the notice is given under subdivision (1). The county auditor shall certify the date of issuance on each petition or remonstrance form that is distributed under this subdivision.

(4) The petitions and remonstrances must be verified in the manner prescribed by the state board of accounts and filed with the county auditor within the sixty (60) day period described in subdivision (2) in the manner set forth in section 11 of this chapter relating to requests for a petition and remonstrance process.

**C
O
P
Y**



(5) The county auditor must file a certificate and the petition or remonstrance with the body of the school corporation charged with issuing bonds or entering into leases within fifteen (15) business days of the filing of a petition or remonstrance under subdivision (4), whichever applies, containing ten thousand (10,000) signatures or less. The county auditor may take an additional five (5) days to review and certify the petition or remonstrance for each additional five thousand (5,000) signatures up to a maximum of sixty (60) days. The certificate must state the number of petitioners and remonstrators that are registered voters or owners of real property within the school corporation.

(6) If a greater number of registered voters or owners of real property within the school corporation sign a remonstrance than the number that signed a petition, the bonds petitioned for may not be issued or the lease petitioned for may not be entered into. The governing body of the school corporation may not make a preliminary determination to issue bonds or enter into a lease for the controlled project defeated by the petition and remonstrance process under this section or any other controlled project that is not substantially different within one (1) year after the date of the county auditor's certificate under subdivision (5). Withdrawal of a petition carries the same consequences as a defeat of the petition.

(7) After a school corporation has gone through the petition and remonstrance process set forth in this section, the school corporation is not required to follow any other remonstrance or objection procedures under any other law (including section 9 of this chapter and IC 6-1.1-20-5).

Sec. 13. When the governing body of a school corporation decides to issue bonds to finance a public improvement that is a controlled project, the governing body shall adopt an ordinance or resolution which sets forth its determination to issue the bonds. The school corporation may not advertise for or receive bids for the construction of the improvement until the expiration of the later of:

- (1) the time within which taxpayers may file a petition for review of or a remonstrance against the proposed issue; or
- (2) the time during which a petition for review of the proposed issue is pending before the department of local government finance.

Sec. 14. (a) If a petition and remonstrance process is commenced

**C
o
p
y**



under section 12 of this chapter for a controlled project, during the sixty (60) day period commencing with the notice under section 12(1) of this chapter, the school corporation seeking to issue bonds or enter into a lease for the proposed controlled project may not promote a position on the petition or remonstrance by doing any of the following:

(1) Allowing facilities or equipment, including mail and messaging systems, owned by the school corporation to be used for public relations purposes to promote a position on the petition or remonstrance, unless equal access to the facilities or equipment is given to persons with a position opposite to that of the school corporation.

(2) Making an expenditure of money from a fund controlled by the school corporation to promote a position on the petition or remonstrance (except as necessary to explain the project to the public) or to pay for the gathering of signatures on a petition or remonstrance. This subdivision does not prohibit a school corporation from making an expenditure of money to an attorney, an architect, a construction manager, or a financial adviser for professional services provided with respect to a controlled project.

(3) Using an employee to promote a position on the petition or remonstrance during the employee's normal working hours or paid overtime.

(4) In the case of a school corporation, promoting a position on a petition or remonstrance by:

(A) using students to transport written materials to their residences; or

(B) including a statement within another communication sent to the students' residences.

However, this section does not prohibit an employee of the school corporation from carrying out duties with respect to a petition or remonstrance that are part of the normal and regular conduct of the employee's office or agency.

(b) A person may not solicit or collect signatures for a petition or remonstrance on property owned or controlled by the school corporation.

SECTION 89. IC 20-5-6-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: **Sec. 11. A school corporation that offers an institutional farm training program in any high school to veterans under 38 U.S.C. 1601 et seq. may accept tuition fees from any**

**C
o
p
y**



1 **student to be paid from an allotment for tuition fees received by**
 2 **the student from the United States Department of Veterans Affairs.**

3 SECTION 90. IC 20-5-6-10, AS ADDED BY P.L.45-2002,
 4 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 JULY 1, 2004]: Sec. 10. (a) The governing body of a school
 6 corporation may donate the proceeds of a grant, a gift, a donation, an
 7 endowment, a bequest, a trust, or an agreement to share tax revenue
 8 received by a city or county under IC 4-33-12-6 or IC 4-33-13, or other
 9 funds not generated from taxes levied **or imposed** by the school
 10 corporation, to a foundation under the following conditions:

11 (1) The foundation is a charitable nonprofit community foundation.

12 (2) The foundation retains all rights to the donation, including
 13 investment powers, except as provided in subdivision (3).

14 (3) The foundation agrees to do the following:

15 (A) Hold the donation as a permanent endowment.

16 (B) Distribute the income from the donation only to the school
 17 corporation as directed by resolution of the governing body of
 18 the school corporation.

19 (C) Return the donation to the general fund of the school
 20 corporation if the foundation:

21 (i) loses the foundation's status as a public charitable
 22 organization;

23 (ii) is liquidated; or

24 (iii) violates any condition of the endowment set by the
 25 governing body of the school corporation.

26 (b) A school corporation may use income received under this section
 27 from a community foundation only for purposes of the school
 28 corporation.

29 SECTION 91. IC 20-5-13-9 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. (a) All school cities,
 31 school townships, school towns, and joint districts are hereby
 32 authorized to establish, equip, operate, and maintain school kitchens
 33 and school lunch rooms, for the improvement of the health of the
 34 school children attending school therein, and for the advancement of
 35 the educational work of their respective schools; to employ all
 36 necessary directors, assistants, and agents; and appropriate funds of
 37 such school corporations for such purpose. Such participation in a
 38 school lunch program pursuant to the provisions of this chapter shall
 39 be discretionary with the governing board of any school corporation.

40 (b) In the event that federal funds are not available for the purpose of
 41 carrying on a school lunch program, the state of Indiana shall not
 42 participate in such school lunch program and any money appropriated

C
o
p
y



by the state of Indiana for such purpose, and not expended, shall immediately revert to the state general fund. Failure on the part of the state of Indiana to participate in the school lunch program shall not invalidate any appropriation made or school lunch program carried on by any school corporation by means of gifts or money raised by tax ~~levy pursuant to the provisions of this chapter~~ **revenues** for the purpose of such school lunch program.

SECTION 92. IC 20-5-15-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. In all the cities and incorporated towns of this state, the board of school trustees, board of school commissioners, or whatever board may be established by law to take charge of the public or common schools of said city or incorporated town, shall have power, if, in their discretion, they deem it to the public interest, to establish a free public library in connection with the common schools of said city or incorporated town, and to make such rules and regulations for the care and protection and government of such library and for the care of the books provided therefor, and for the taking from and returning to said library of such books as the said board may deem necessary and proper, and to provide penalties for the violation thereof. However, in any city or incorporated town where there is already established a library open to all the people, no tax shall be levied for the purpose herein named. **This section does not authorize a school corporation to impose a property tax after December 31, 2005.**

SECTION 93. IC 20-5-15-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. Such board shall also have power to levy a tax of not exceeding one (1) mill on each dollar of taxable property assessed for taxation in such city in each year; which tax shall be placed on the tax duplicate of such city, and collected in the same manner as other taxes; and when said taxes are so collected, they shall be paid over to the said board for the support and maintenance of said public library. Such board shall have power, and it shall be its duty, to disburse said fund, and all revenues derived from gift or devise, in providing and fitting up suitable rooms for such library, in the purchase, care and binding of books therefor, and in the payment of salaries to a librarian and necessary assistants. **This section expires January 1, 2006.**

SECTION 94. IC 20-5-17.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) This subsection does not apply to a school corporation in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000). The governing body of a school

C
o
p
y



corporation may annually appropriate, from its general fund, a sum of not more than five-tenths of one cent (\$0.005) on each one hundred dollars (\$100) of assessed valuation in the school corporation to be paid to a historical society, subject to subsection (c). **This subsection does not authorize a school corporation to impose a property tax after December 31, 2005.**

(b) This subsection applies only to a school corporation in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000). To provide funding for a historical society under this section, the governing body of a school corporation may **before January 1, 2006, only** impose a tax of not more than five-tenths of one cent (\$0.005) on each one hundred dollars (\$100) of assessed valuation in the school corporation. This tax is not subject to the tax levy limitations imposed on the school corporation by IC 6-1.1-19-1.5 (**repealed January 1, 2006**) or the provisions of IC 21-2-11-8 (**repealed January 1, 2006**). The school corporation shall deposit the proceeds of the tax in a fund to be known as the historical society fund. The historical society fund is separate and distinct from the school corporation's general fund and may be used only for the purpose of providing funds for a historical society under this section. Subject to subsection (c), the governing body of the school corporation may annually appropriate the money in the fund to be paid in semiannual installments to a historical society having facilities in the county.

(c) Before a historical society may receive payments under this section, its governing board must adopt a resolution that entitles:

- (1) the governing body of the school corporation to appoint its superintendent and one (1) of its history teachers as visitors, with the privilege of attending all meetings of the society's governing board;
- (2) the governing body of the school corporation to nominate two (2) persons for membership on the society's governing board;
- (3) the school corporation to use any of the society's facilities and equipment for educational purposes consistent with the society's purposes;
- (4) the students and teachers of the school corporation to tour the society's museum, if any, free of charge; and
- (5) the school corporation to borrow artifacts from the society's collection, if any, for temporary exhibit in the schools.

SECTION 95. IC 20-5-17.5-3, AS AMENDED BY P.L.170-2002, SECTION 120, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. (a) This section applies to school

C
o
p
y



corporations in a county containing a city having a population of:

- (1) more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000);
- (2) more than one hundred twenty thousand (120,000) but less than one hundred fifty thousand (150,000);
- (3) more than ninety thousand (90,000) but less than one hundred five thousand (105,000);
- (4) more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000); or
- (5) more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

(b) In order to provide funding for an art association under this section, the governing body of a school corporation may **before January 1, 2006, only** impose a tax of not more than five-tenths of one cent (\$0.005) on each one hundred dollars (\$100) of assessed valuation in the school corporation. This tax is not subject to the tax levy limitations imposed on the school corporation by IC 6-1.1-19-1.5 (**repealed January 1, 2006**) or the provisions of IC 21-2-11-8 (**repealed January 1, 2006**).

(c) The school corporation shall deposit the proceeds of the tax imposed under subsection (b) in a fund to be known as the art association fund. The art association fund is separate and distinct from the school corporation's general fund and may be used only for the purpose of providing funds for an art association under this section. The governing body of the school corporation may annually appropriate the money in the fund to be paid in semiannual installments to an art association having facilities in a city that is listed in subsection (a), subject to subsection (d).

(d) Before an art association may receive payments under this section, its governing board must adopt a resolution that entitles:

- (1) the governing body of the school corporation to appoint its superintendent and its director of art instruction as visitors, with the privilege of attending all meetings of the association's governing board;
- (2) the governing body of the school corporation to nominate persons for membership on the association's governing board, with at least two (2) of the nominees to be elected;
- (3) the school corporation to use any of the association's facilities and equipment for educational purposes consistent with the association's purposes;
- (4) the students and teachers of the school corporation to tour the association's museum and galleries free of charge;

C
o
p
y



(5) the school corporation to borrow materials from the association for temporary exhibit in the schools;

(6) the teachers of the school corporation to receive normal instruction in the fine and applied arts at half the regular rates charged by the association; and

(7) the school corporation to expect such exhibits in the association's museum as will supplement the work of the students and teachers of the corporation.

A copy of the resolution, certified by the president and secretary of the association, must be filed in the office of the school corporation before payments may be received.

(e) A resolution filed under subsection (d) need not be renewed from year to year but continues in effect until rescinded. An art association that complies with this section is entitled to continue to receive payments under this section as long as it so complies.

(f) Whenever more than one (1) art association in a city that is listed in subsection (a) qualifies to receive payments under this section, the governing body of the school corporation shall select the one (1) art association best qualified to perform the services described by subsection (c). A school corporation may select only one (1) art association to receive payments under this section.

SECTION 96. IC 20-5-28-1, AS AMENDED BY P.L.90-2002, SECTION 408, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. (a) A school corporation in Indiana may purchase buildings, lands, or lands and buildings for school purposes, and for that purpose improve the buildings or land.

(b) An existing building, other than a building obtained under IC 5-17-2 (before its repeal) or IC 4-13-1.7, permitting the purchase of suitable surplus government buildings, may not be purchased for use as a school building unless the building was originally constructed for use by the school corporation and used for that purpose for a period of five (5) years or more next preceding the acquisition as provided in this chapter.

(c) Notwithstanding any provisions in this chapter limiting the purchase of school buildings, a school corporation may purchase suitable buildings, lands, or lands and suitable buildings adjacent to school property for school purposes, and for that purpose improve the buildings or land after giving notice to the taxpayers of the intention of the school corporation to purchase. ~~The taxpayers of the school corporation have the same right of appeal to the department of local government finance under the same procedure as provided for in IC 6-1.1-20-5 through IC 6-1.1-20-6.~~

**C
O
P
Y**



1 SECTION 97. IC 20-5-37-4 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) The board of
 3 school trustees in a third class city may establish, maintain, and equip
 4 public playgrounds to be used by children during the summer vacation
 5 period. The board may use the public school buildings and grounds in
 6 the cities as is necessary to carry out this section. **Before January 1,**
 7 **2006,** the board may levy a tax not exceeding sixty-seven hundredths
 8 of one cent (\$0.0067) on each one hundred dollars (\$100) of assessed
 9 valuation of the property in the city to create a fund to carry out this
 10 section. The board may lease or purchase grounds in addition to the
 11 school grounds, either adjacent to the school grounds or elsewhere in
 12 the city. The board may also, under eminent domain statutes, condemn
 13 ground to be used for these purposes and pay for condemned ground
 14 out of the school revenues of the city not otherwise appropriated.

15 (b) The board has full control of all playgrounds, including the
 16 preservation of order on them, and may adopt suitable rules,
 17 regulations, and bylaws for the control of them. The board may enforce
 18 the rules by suitable penalties.

19 (c) The board may select and pay for directors and assistants. The
 20 directors and assistants, while on duty and for the purpose of
 21 preserving order and the observance of the rules, regulations, and
 22 bylaws of the board, have all the powers of police officers of the city.
 23 The compensation for the directors and assistants shall be fixed by the
 24 board and paid for out of the school revenues not otherwise
 25 appropriated.

26 SECTION 98. IC 20-5-62-6, AS AMENDED BY P.L.77-1999,
 27 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JULY 1, 2004]: Sec. 6. Except as provided in this chapter and
 29 notwithstanding any other law, a freeway school corporation or a
 30 freeway school may do the following during the contract period:

31 (1) Disregard the observance of any statute or rule that is listed in
 32 the contract.

33 (2) Lease school transportation equipment to others for nonschool
 34 use when the equipment is not in use for a school corporation
 35 purpose, if the lessee has not received a bid from a private entity
 36 to provide transportation equipment or services for the same
 37 purpose.

38 (3) Replace the budget and accounting system that is required by
 39 law with a budget or accounting system that is frequently used in
 40 the private business community. The state board of accounts may
 41 not go beyond the requirements imposed upon the state board of
 42 accounts by statute in reviewing the budget and accounting system

C
o
p
y



used by a freeway school corporation or a freeway school.

(4) Establish a professional development and technology fund to be used for:

(A) professional development; or

(B) technology, including video distance learning.

However, any money deposited in the professional development and technology fund for technology purposes must be transferred to the school technology fund established under IC 21-2-18 **(repealed January 1, 2006)**.

(5) Subject to subdivision (4), transfer funds obtained from sources other than state or local government taxation among any accounts of the school corporation, including a professional development and technology fund established under subdivision (4).

~~(6) Transfer funds obtained from property taxation and from state distributions money among the general fund (established under IC 21-2-11) and the school transportation fund (established under IC 21-2-11.5); subject to the following:~~

~~(A) The sum of the property tax rates for the general fund and the school transportation fund after a transfer occurs under this subdivision may not exceed the sum of the property tax rates for the general fund and the school transportation fund before a transfer occurs under this subdivision.~~

~~(B) funds. However~~ this subdivision does not allow a school corporation to transfer to any other fund money from the:

~~(i) (A) capital projects fund (established under IC 21-2-15) (repealed January 1, 2006); or~~

~~(ii) (B) debt service fund (established under IC 21-2-4).~~

(7) Establish a locally adopted assessment program to replace the assessment of students under the ISTEP program established under IC 20-10.1-16-8, subject to the following:

(A) A locally adopted assessment program must be established by the governing body and approved by the department.

(B) A locally adopted assessment program may use a locally developed test or a nationally developed test.

(C) Results of assessments under a locally adopted assessment program are subject to the same reporting requirements as results under the ISTEP program.

(D) Each student who completes a locally adopted assessment program and the student's parent or guardian has the same rights to inspection and rescoring as are set forth in IC 20-10.1-16-7(d).

SECTION 99. IC 20-5.5-7-3, AS AMENDED BY P.L.1-2004, SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

C
o
p
y



JULY 1, 2004]: Sec. 3. (a) Not later than the date established by the department for determining average daily membership under IC 21-3-1.6-1.1(d), and after May 31, the organizer shall submit to the department the following information on a form prescribed by the department:

- (1) The number of students enrolled in the charter school.
- (2) The name and address of each student.
- (3) The name of the school corporation in which the student has legal settlement.
- (4) The name of the school corporation, if any, that the student attended during the immediately preceding school year.
- (5) The grade level in which the student will enroll in the charter school.

The department shall verify the accuracy of the information reported.

(b) This subsection applies after December 31 of the calendar year in which a charter school begins its initial operation. The department shall distribute to the organizer the amount determined under IC 21-3-1.7 for the charter school. The department shall make a distribution under this subsection at the same time and in the same manner as the department makes a distribution under IC 21-3-1.7.

(c) The department shall provide to the department of local government finance the following information:

- (1) For each county, the number of students who:
 - (A) have legal settlement in the county; and
 - (B) attend a charter school.
- (2) The school corporation in which each student described in subdivision (1) has legal settlement.
- (3) The charter school that a student described in subdivision (1) attends and the county in which the charter school is located.
- (4) The amount determined under IC 6-1.1-19-1.5(f) STEP EIGHT for 2004 and IC 6-1.1-19-1.5(b) STEP SIX (**repealed January 1, 2006**) for 2005 for each school corporation described in subdivision (2).
- (5) The amount determined under STEP TWO of the following formula:

STEP ONE: Determine the product of:

 - (A) the amount determined under IC 21-3-1.7-6.7(d) or IC 21-3-1.7-6.7(e) for a charter school described in subdivision (3); multiplied by
 - (B) thirty-five hundredths (0.35).

STEP TWO: Determine the product of:

 - (A) the STEP ONE amount; multiplied by

C
o
p
y



- 1 (B) the current ADM of a charter school described in
 2 subdivision (3).
 3 (6) The amount determined under STEP THREE of the following
 4 formula:
 5 STEP ONE: Determine the number of students described in
 6 subdivision (1) who:
 7 (A) attend the same charter school; and
 8 (B) have legal settlement in the same school corporation
 9 located in the county.
 10 STEP TWO: Determine the subdivision (5) STEP ONE amount
 11 for a charter school described in STEP ONE (A).
 12 STEP THREE: Determine the product of:
 13 (A) the STEP ONE amount; multiplied by
 14 (B) the STEP TWO amount.
 15 SECTION 100. IC 20-5.5-7-3.5, AS ADDED BY P.L.276-2003,
 16 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JULY 1, 2004]: Sec. 3.5. (a) This section applies to a conversion
 18 charter school.
 19 (b) Not later than the date established by the department for
 20 determining average daily membership under IC 21-3-1.6-1.1(d), and
 21 after July 2, the organizer shall submit to a governing body on a form
 22 prescribed by the department the information reported under section
 23 3(a) of this chapter for each student who:
 24 (1) is enrolled in the organizer's conversion charter school; and
 25 (2) has legal settlement in the governing body's school corporation.
 26 (c) Beginning not more than sixty (60) days after the department
 27 receives the information reported under section 3(a) of this chapter, the
 28 department shall distribute to the organizer:
 29 (1) tuition support and other state funding for any purpose for
 30 students enrolled in the conversion charter school;
 31 (2) a proportionate share of state and federal funds received for
 32 students with disabilities or staff services for students with
 33 disabilities for students with disabilities enrolled in the conversion
 34 charter school; and
 35 (3) a proportionate share of funds received under federal or state
 36 categorical aid programs for students who are eligible for the
 37 federal or state categorical aid and are enrolled in the conversion
 38 charter school;
 39 for the second six (6) months of the calendar year in which the
 40 conversion charter school is established. The department shall make a
 41 distribution under this subsection at the same time and in the same
 42 manner as the department makes a distribution to the governing body

C
o
p
y



of the school corporation in which the conversion charter school is located. A distribution to the governing body of the school corporation in which the conversion charter school is located is reduced by the amount distributed to the conversion charter school. This subsection does not apply to a conversion charter school after December 31 of the calendar year in which the conversion charter school is established.

(d) This subsection applies beginning with the first property tax distribution described in IC 6-1.1-27-1 to the governing body of the school corporation in which a conversion charter school is located after the governing body receives the information reported under subsection (b). Not more than ten (10) days after the governing body receives a property tax distribution described in IC 6-1.1-27-1, the governing body shall distribute to the conversion charter school the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the quotient of:

(A) the number of students who:

- (i) are enrolled in the conversion charter school; and
- (ii) were counted in the ADM of the previous year for the school corporation in which the conversion charter school is located; divided by

(B) the current ADM of the school corporation in which the conversion charter school is located.

In determining the number of students enrolled under clause (A)(i), each kindergarten pupil shall be counted as one-half (1/2) pupil.

STEP TWO: Determine the total amount of the following revenues to which the school corporation in which the conversion charter school is located is entitled for the second six (6) months of the calendar year in which the conversion charter school is established:

(A) Revenues obtained by the school corporation's:

- (i) general fund property tax levy **for years before January 1, 2006, or school option income tax for years after December 31, 2005 (excluding amounts devoted to transportation, capital improvements, or debt service);** and
- (ii) excise tax revenue (as defined in IC 21-3-1.7-2).

(B) The school corporation's certified distribution of county adjusted gross income tax revenue under IC 6-3.5-1.1 that is to be used as property tax replacement credits.

STEP THREE: Determine the product of:

- (A) the STEP ONE amount; multiplied by
- (B) the STEP TWO amount.

(e) Subsection (d) does not apply to a conversion charter school after the later of the following dates:

C
o
p
y



(1) December 31 of the calendar year in which the conversion charter school is established.

(2) Ten (10) days after the date on which the governing body of the school corporation in which the conversion charter school is located receives the final distribution described in IC 6-1.1-27-1 of revenues to which the school corporation in which the conversion charter school is located is entitled for the second six (6) months of the calendar year in which the conversion charter school is established.

(f) This subsection applies during the second six (6) months of the calendar year in which a conversion charter school is established. A conversion charter school may apply for an advance from the charter school advancement account under IC 20-5.5-7.5 in the amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the result under subsection (d) STEP ONE

(A).

STEP TWO: Determine the difference between:

(A) the conversion charter school's current ADM; minus

(B) the STEP ONE amount.

STEP THREE: Determine the quotient of:

(A) the STEP TWO amount; divided by

(B) the conversion charter school's current ADM.

STEP FOUR: Determine the product of:

(A) the STEP THREE amount; multiplied by

(B) the quotient of:

(i) the subsection (d) STEP TWO amount; divided by

(ii) two (2).

SECTION 101. IC 20-5.5-7-4, AS AMENDED BY P.L.276-2003, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) Services that a school corporation provides to a charter school, including transportation, may be provided at not more than one hundred three percent (103%) of the actual cost of the services.

(b) This subsection applies to a sponsor that is a state educational institution described in IC 20-5.5-1-15(1)(B). In a calendar year, a state educational institution may receive from the organizer of a charter school sponsored by the state educational institution an administrative fee equal to not more than three percent (3%) of the total amount the organizer receives during the calendar year under IC 6-1.1-19-12 (**repealed January 1, 2006**) and IC 21-3-1.7-8.2.

SECTION 102. IC 20-6.1-5-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 12. (a) If a governing

C
o
p
y



body of a school corporation agrees to a retirement, savings, or severance pay plan with a teacher or with an exclusive representative pursuant to IC 20-7.5-1, the benefits may be paid to the teacher who is eligible under a negotiated retirement, savings, or severance pay plan, or, in the case of the teacher's death, to the teacher's designated beneficiary or the teacher's estate if there is no designated beneficiary. Payments may be made in a lump sum or in installments as agreed upon by the parties or to a savings plan established under IC 5-10-1.1-1(2).

(b) ~~Notwithstanding IC 6-1.1-20,~~ The payments under this section shall be made from the general fund of the school corporation and may be made for a period exceeding one (1) year.

SECTION 103. IC 20-8.1-3-17, AS AMENDED BY P.L.291-2001, SECTION 111, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 17. (a) Subject to the specific exceptions under this chapter, each individual shall attend either a public school which the individual is entitled to attend under IC 20-8.1-6.1 or some other school which is taught in the English language.

(b) An individual is bound by the requirements of this chapter from the earlier of the date on which the individual officially enrolls in a school or, except as provided in subsection (h), the beginning of the fall school term for the school year in which the individual becomes seven (7) years of age until the date on which the individual:

- (1) graduates;
 - (2) reaches at least sixteen (16) years of age but who is less than eighteen (18) years of age and the requirements under subsection (j) concerning an exit interview are met enabling the individual to withdraw from school before graduation; or
 - (3) reaches at least eighteen (18) years of age;
- whichever occurs first.

(c) An individual who:

- (1) enrolls in school before the fall school term for the school year in which the individual becomes seven (7) years of age; and
- (2) is withdrawn from school before the school year described in subdivision (1) occurs;

is not subject to the requirements of this chapter until the individual is reenrolled as required in subsection (b). Nothing in this section shall be construed to require that a child complete grade 1 before the child reaches eight (8) years of age.

(d) An individual for whom education is compulsory under this section shall attend school each year:

C
o
p
y



(1) for the number of days public schools are in session in the school corporation in which the individual is enrolled in Indiana; or

(2) if the individual is enrolled outside Indiana, for the number of days the public schools are in session where the individual is enrolled.

(e) In addition to the requirements of subsections (a) through (d), an individual must be at least five (5) years of age on July 1 of the 2001-2002 school year or any subsequent school year to officially enroll in a kindergarten program offered by a school corporation. However, subject to subsection (g), the governing body of the school corporation shall adopt a procedure affording a parent of an individual who does not meet the minimum age requirement set forth in this subsection the right to appeal to the superintendent of the school corporation for enrollment of the individual in kindergarten at an age earlier than the age that is set forth in this subsection.

(f) In addition to the requirements of subsections (a) through (e), and subject to subsection (g), if an individual enrolls in school as permitted under subsection (b) and has not attended kindergarten, the superintendent of the school corporation shall make a determination as to whether the individual shall enroll in kindergarten or grade 1 based on the particular model assessment adopted by the governing body under subsection (g).

(g) To assist the principal and governing bodies, the department shall do the following:

(1) Establish guidelines to assist each governing body in establishing a procedure for making appeals to the superintendent of the school corporation under subsection (e).

(2) Establish criteria by which a governing body may adopt a model assessment which will be utilized in making the determination under subsection (f).

(h) If the parents of an individual who would otherwise be subject to compulsory school attendance under subsection (b), upon request of the superintendent of the school corporation, certify to the superintendent of the school corporation that the parents intend to:

(1) enroll the individual in a nonaccredited, nonpublic school; or

(2) begin providing the individual with instruction equivalent to that given in the public schools as permitted under section 34 of this chapter;

not later than the date on which the individual reaches seven (7) years of age, the individual is not bound by the requirements of this chapter until the individual reaches seven (7) years of age.

**C
o
p
y**



(i) The governing body of each school corporation shall designate the appropriate employees of the school corporation to conduct the exit interviews for students described in subsection (b)(2). Each exit interview must be personally attended by:

- (1) the student's parent or guardian;
- (2) the student;
- (3) each designated appropriate school employee; and
- (4) the student's principal.

(j) A student who is at least sixteen (16) years of age but less than eighteen (18) years of age is bound by the requirements of compulsory school attendance and may not withdraw from school before graduation unless:

- (1) the student, the student's parent or guardian, and the principal agree to the withdrawal; and
- (2) at the exit interview, the student provides written acknowledgment of the withdrawal and the student's parent or guardian and the school principal each provide written consent for the student to withdraw from school.

(k) For the purposes of this section, "school year" has the meaning set forth in ~~IC 21-2-12-3(h)~~ **IC 20-10.1-2-1**.

SECTION 104. IC 20-8.1-6.1-8, AS AMENDED BY P.L.111-2002, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 8. (a) As used in this section, the following terms have the following meanings:

(1) "Class of school" refers to a classification of each school or program in the transferee corporation by the grades or special programs taught at the school. Generally, these classifications are denominated as kindergarten, elementary school, middle school or junior high school, high school, and special schools or classes, such as schools or classes for special education, vocational training, or career education.

(2) "ADM" means the following:

(A) For purposes of allocating to a transfer student state distributions under IC 21-1-30 (primetime), "ADM" as computed under IC 21-1-30-2.

(B) For all other purposes, "ADM" as set forth in IC 21-3-1.6-1.1.

(3) "Pupil enrollment" means the following:

(A) The total number of students in kindergarten through grade 12 who are enrolled in a transferee school corporation on a date determined by the Indiana state board of education.

(B) The total number of students enrolled in a class of school in

C
O
P
Y



a transferee school corporation on a date determined by the Indiana state board of education.

However, a kindergarten student shall be counted under clauses (A) and (B) as one-half (1/2) a student.

(4) "Special equipment" means equipment that during a school year:

(A) is used only when a child with disabilities is attending school;

(B) is not used to transport a child to or from a place where the child is attending school;

(C) is necessary for the education of each child with disabilities that uses the equipment, as determined under the individualized instruction program for the child; and

(D) is not used for or by any child who is not a child with disabilities.

The Indiana state board of education may select a different date for counts under subdivision (3). However, the same date shall be used for all school corporations making a count for the same class of school.

(b) Each transferee corporation is entitled to receive for each school year on account of each transferred student, except a student transferred under section 3 of this chapter, transfer tuition from the transferor corporation or the state as provided in this chapter. Transfer tuition equals the amount determined under STEP THREE of the following formula:

STEP ONE: Allocate to each transfer student the capital expenditures for any special equipment used by the transfer student and a proportionate share of the operating costs incurred by the transferee school for the class of school where the transfer student is enrolled.

STEP TWO: If the transferee school included the transfer student in the transferee school's ADM for a school year, allocate to the transfer student a proportionate share of the following general fund revenues of the transferee school for, except as provided in clause (C), the calendar year in which the school year ends:

(A) The following state distributions that are computed in any part using ADM or other pupil count in which the student is included:

(i) Primetime grant under IC 21-1-30.

(ii) Tuition support for basic programs and at-risk weights under IC 21-3-1.7-8 (before January 1, 1996) and only for basic programs (after December 31, 1995).

(iii) Enrollment growth grant under IC 21-3-1.7-9.5.

C
o
p
y



- (iv) At-risk grant under IC 21-3-1.7-9.7.
- (v) Academic honors diploma award under IC 21-3-1.7-9.8.
- (vi) Vocational education grant under IC 21-3-12.
- (vii) Special education grant under IC 21-3-2.1.
- (viii) The portion of the ADA flat grant that is available for the payment of general operating expenses under IC 21-3-4.5-2(b)(1).

(B) For school years beginning after June 30, 1997, **and before January 1, 2006**, property tax levies.

(C) For school years beginning after June 30, 1997, excise tax revenue (as defined in IC 21-3-1.7-2) received for deposit in the calendar year in which the school year begins.

(D) For school years beginning after June 30, 1997, allocations to the transferee school under IC 6-3.5.

(E) For school years beginning after July 1, 2005, school option income tax.

STEP THREE: Determine the greater of:

- (A) zero (0); or
- (B) the result of subtracting the STEP TWO amount from the STEP ONE amount.

If a child is placed in an institution or facility in Indiana under a court order, the institution or facility shall charge the county office of the county of the student's legal settlement under IC 12-19-7 for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated per student cost.

(c) Operating costs shall be determined for each class of school where a transfer student is enrolled. The operating cost for each class of school is based on the total expenditures of the transferee corporation for the class of school from its general fund expenditures as specified in the classified budget forms prescribed by the state board of accounts. This calculation excludes:

- (1) capital outlay;
- (2) debt service;
- (3) costs of transportation;
- (4) salaries of board members;
- (5) contracted service for legal expenses; and
- (6) any expenditure which is made out of the general fund from extracurricular account receipts;

for the school year.

(d) The capital cost of special equipment for a school year is equal to:

C
o
p
y



(1) the cost of the special equipment; divided by

(2) the product of:

(A) the useful life of the special equipment, as determined under the rules adopted by the Indiana state board of education; multiplied by

(B) the number of students using the special equipment during at least part of the school year.

(e) When an item of expense or cost described in subsection (c) cannot be allocated to a class of school, it shall be prorated to all classes of schools on the basis of the pupil enrollment of each class in the transferee corporation compared to the total pupil enrollment in the school corporation.

(f) Operating costs shall be allocated to a transfer student for each school year by dividing:

(1) the transferee school corporation's operating costs for the class of school in which the transfer student is enrolled; by

(2) the pupil enrollment of the class of school in which the transfer student is enrolled.

When a transferred student is enrolled in a transferee corporation for less than the full school year of pupil attendance, the transfer tuition shall be calculated by the portion of the school year for which the transferred student is enrolled. A school year of pupil attendance consists of the number of days school is in session for pupil attendance. A student, regardless of the student's attendance, is enrolled in a transferee school unless the student is no longer entitled to be transferred because of a change of residence, the student has been excluded or expelled from school for the balance of the school year or for an indefinite period, or the student has been confirmed to have withdrawn from school. The transferor and the transferee corporation may enter into written agreements concerning the amount of transfer tuition due in any school year. Where an agreement cannot be reached, the amount shall be determined by the Indiana state board of education, and costs may be established, when in dispute, by the state board of accounts.

(g) A transferee school shall allocate revenues described in subsection (b) STEP TWO to a transfer student by dividing:

(1) the total amount of revenues received; by

(2) the ADM of the transferee school for the school year that ends in the calendar year in which the revenues are received.

However, for state distributions under IC 21-1-30, IC 21-3-2.1, IC 21-3-12, or any other statute that computes the amount of a state distribution using less than the total ADM of the transferee school, the

C
o
p
y



transferee school shall allocate the revenues to the transfer student by dividing the revenues that the transferee school is eligible to receive in a calendar year by the pupil count used to compute the state distribution.

(h) In lieu of the payments provided in subsection (b), the transferor corporation or state owing transfer tuition may enter into a long term contract with the transferee corporation governing the transfer of students. This contract is for a maximum period of five (5) years with an option to renew, and may specify a maximum number of pupils to be transferred and fix a method for determining the amount of transfer tuition and the time of payment, which may be different from that provided in section 9 of this chapter.

(i) ~~If the school~~ A corporation ~~can meet the requirements of IC 21-1-30-5,~~ it may negotiate transfer tuition agreements with a neighboring school corporation that can accommodate additional students. Agreements under this section may be for one (1) year or longer and may fix a method for determining the amount of transfer tuition or time of payment that is different from the method, amount, or time of payment that is provided in this section or section 9 of this chapter. A school corporation may not transfer a student under this section without the prior approval of the child's parent or guardian.

(j) If a school corporation experiences a net financial impact with regard to transfer tuition that is negative for a particular school year as described in IC 6-1.1-19-5.1, the school corporation may appeal for an excessive levy as provided under IC 6-1.1-19-5.1. **This subsection expires January 1, 2006.**

SECTION 105. IC 20-8.1-6.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. ~~Definitions.~~ As used in this chapter:

(a) "Transferor corporation", "transferee corporation" and "transferred student" shall mean, respectively, the school corporation transferring students, the school corporation receiving students, and any student transferred pursuant to a court order described in section 1 of this chapter.

(b) "General fund", "capital projects fund", and "debt service fund" shall refer, respectively, to the school corporation funds set up under the provisions of IC 21-2-11 (**repealed January 1, 2006**), IC 21-2-15 (**repealed January 1, 2006**), and IC 21-2-4, respectively.

(c) "Class of school" shall refer to a classification of each school in the transferee corporation by the grades taught therein (generally denominated as elementary schools, middle schools or junior high schools, high schools, and special schools such as schools for special

C
o
p
y



education, vocational training or career education). Elementary schools shall include schools containing kindergarten, but for all purposes under this chapter, a kindergarten student shall be counted as one-half (1/2) a student.

(d) "ADM" shall refer to ADM as defined in IC 21-3-1.6-1.1.

SECTION 106. IC 20-8.1-6.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. ~~Transfer Tuition.~~ (a) The transferee corporation shall be entitled to receive from the transferor corporation transfer tuition for each transferred student for each school year calculated in two (2) parts: operating cost and capital cost. These shall be allocated on a per student basis separately for each class of school.

(b) The operating cost for each class of school shall be based on the total expenditures of the transferee corporation for such class from its general fund expenditures as set out on the classified budget forms prescribed by the state board of accounts, excluding from such calculation capital outlay, debt service, costs of transportation, salaries of board members, contracted service for legal expenses and any expenditure which is made out of the general fund from extracurricular account receipts, for the school year.

(c) The capital cost for each class of school shall consist of the lesser of the following two (2) alternatives: Alternative one shall be based on an amount equal to five percent (5%) of the cost of transferee corporation's physical plant, equipment and all appurtenances thereto (including but not limited to buildings, additions and remodeling thereof, except ordinary maintenance, on-site and off-site improvements such as walks, sewers, waterlines, drives, and playgrounds) theretofore paid or obligated to be paid in the future out of ~~the general fund; capital projects fund; or debt service fund; any of the school corporation's funds~~ including but not limited to principal and interest and lease rental payments (or out of funds which were legal predecessors to these funds). Where any item of physical plant, equipment appurtenances, or portion thereof is more than twenty (20) years old at the beginning of the school year, the capital cost thereof shall be disregarded in making such computation. Alternate two shall be based on the amount budgeted from the general fund for capital outlay for physical plant, equipment and appurtenances and the amounts levied for the debt service fund and the capital projects fund, for the calendar year in which the school year ends.

(d) Where an item of expense or cost cannot be allocated to a class of school, it shall be prorated to all classes of schools on the basis of the ADM of each class in the transferee corporation compared to the

C
o
p
y



total ADM therein.

(e) The transfer tuition for each student transferred for each school year shall be calculated by dividing the transferee school corporation's total operating costs and the total capital costs for the class of school in which the student is enrolled by the ADM of students therein. Where a transferred student is enrolled in a transferee corporation for less than the full school year the transfer tuition shall be calculated by the proportion of such school year for which the transferred student is enrolled. A school year for this purpose shall consist of the number of days school is in session for pupil attendance. A student shall be enrolled in a transferee school, whether or not he is in attendance, unless his residence is outside the area of students transferred to the transferee corporation, or he has been excluded or expelled from school or has been confirmed as a school dropout. The transferor and transferee corporations may enter into written agreements concerning the amount of transfer tuition. Where an agreement cannot be reached the amount shall be determined by the superintendent of public instruction, with costs to be established, where in dispute, by the state board of accounts.

(f) The transferor corporation shall also pay the transferee corporation, when billed, the amount of book rental due from transferred students who are unable to pay the amount thereof. The transferor corporation shall be entitled to collect the amount of such book rental from the appropriate township trustee, from its own funds, or from any other source, in the amounts and manner provided by applicable law.

SECTION 107. IC 20-8.1-6.5-4, AS AMENDED BY P.L.90-2002, SECTION 409, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) Where a transfer is ordered to commence in a school year, where the transferor corporation has net additional costs over savings (on account of any transfer ordered) allocable to the calendar year in which the school year begins, and where the transferee corporation has no budgeted funds for such net additional costs, they may be recovered by one (1) or more of the following methods in addition to any other methods provided by applicable law:

(1) An emergency loan made pursuant to IC 20-5-4-6 to be paid, however, out of the debt service levy and fund, or a loan from any state fund made available therefor.

(2) An advance in such calendar year of state funds, which would otherwise become payable to the transferee corporation after such calendar year pursuant to applicable law.

C
o
p
y



(3) A grant or grants in such calendar year from any funds of the state made available therefor.

(b) The net additional costs shall be certified by the department of local government finance, and any grant shall be made solely after affirmative recommendation of the tax control board created by IC 6-1.1-19-4.1. Repayment of any advance or loan from the state shall be made in accordance with IC 6-1.1-19-4.5(d). The use of any of the methods enumerated above shall not subject the transferor corporation to the provisions of IC 6-1.1-19-4.7. **This subsection expires January 1, 2006.**

SECTION 108. IC 20-8.1-6.5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. ~~Transportation Costs – State Reimbursement~~. Transportation costs for transferred students for each calendar year or for capital outlay and for operations shall be reimbursed by the state to the transferor corporation in the same percent of the total outlay which the distributions to the transferor corporation under IC 1971, 21-3-1.5-3 (**repealed**), or from the state flat grant distribution account where it is credited to the general fund, constitute of its total annual general fund appropriations for such year. In this calculation there shall be excluded from general fund appropriations capital outlay, debt service, and any expenditure which is made out of the general fund from extracurricular accounts. Any amount not thus reimbursed and raised as part of the transferor corporation's general fund levy shall constitute an increase in its base tax levy for such budget year, as otherwise defined and as applied in IC 6-1.1-1-16 and IC 6-1.1-19 (**repealed January 1, 2006**). In no event shall the state reimbursement for transportation operating expense to the transferor corporation be less than it would receive under applicable law without regard to this section.

SECTION 109. IC 20-8.1-7-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 18. (a) Whenever the test required under section 17 of this chapter discloses that the hearing of any child is impaired and the child cannot be taught advantageously in regular classes, the governing body of the school corporation shall provide appropriate remedial measures and correctional devices. The governing body shall advise the child's parents of the proper medical care, attention, and treatment needed. The governing body shall provide approved mechanical auditory devices and prescribe courses in lip reading by qualified, competent and approved instructors. The superintendent of public instruction and the head of the rehabilitative services bureau of the division of disability, aging, and rehabilitative services shall cooperate with school corporations to provide this

C
o
p
y



1 assistance; they shall also provide advice and information to assist
 2 school corporations in complying with this section. The local governing
 3 body may adopt rules and regulations for the administration of this
 4 section.

5 (b) Each school corporation may receive and accept bequests and
 6 donations for immediate use or as trusts or endowments to assist in
 7 meeting costs and expenses incurred in complying with the
 8 requirements of this section. When funds for the full payment of these
 9 expenses are not otherwise available, in any school corporation, any
 10 unexpended balance in the state treasury which is available for the use
 11 of local schools and is otherwise unappropriated may be loaned to the
 12 school corporation for that purpose by the governor. Any loan made by
 13 the governor under this section shall be repaid to the fund in the state
 14 treasury from which it came within two (2) years after the date it was
 15 advanced. These loans shall be repaid through the levying of taxes **or**
 16 **imposition of a school option income tax (as authorized by law)** in
 17 the borrowing school corporation.

18 SECTION 110. IC 20-9.1-6-2 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. ~~Security~~
 20 ~~Agreements; Generally.~~ A security agreement under this chapter shall
 21 run for a period not longer than six (6) years. It shall be amortized in
 22 equal, or approximately equal, installments, payable on the first day of
 23 January and July each year. The first installment of principal and
 24 interest shall be due and payable on the first day of July next following
 25 the collection of a tax which was ~~levied~~ **imposed** after execution of the
 26 security agreement.

27 SECTION 111. IC 20-9.1-6-3 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. ~~Security~~
 29 ~~Agreements; Appropriation.~~ Before a security agreement is executed,
 30 an appropriation for the amount of the purchase price shall be made.
 31 This appropriation is made in the same manner as any other
 32 appropriation, except that its amount is not limited by the amount of
 33 funds presently available or the amount to be raised by a presently
 34 effective tax levy **or school option income tax**. No petition to borrow,
 35 notice to taxpayers or other formality is necessary except as specifically
 36 provided under this chapter and except as may be required by law for
 37 the issuance of general obligation bonds.

38 SECTION 112. IC 20-9.1-6-5 IS AMENDED TO READ AS
 39 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. When a school
 40 corporation requires funds to purchase a school bus for cash, it may, in
 41 lieu of issuing general obligation bonds, negotiate for and borrow funds
 42 or purchase the bus on an installment conditional sales contract or

C
o
p
y



promissory note secured by the bus. To effect a loan, the school corporation shall execute its negotiable note or notes to the lender. The notes shall not extend for more than six (6) years and shall be payable at the same times and in the same manner as provided for security agreements in section 2 of this chapter. Before a note is executed, an appropriation for the amount of the purchase price of the buses and any incidental expenses connected with the purchase or the loan, shall be made in the same manner as other appropriations are made, except that the amount of the appropriation is not limited by the amount of funds available at the time of loan or purchase or by the amount of funds to be raised by a tax levy **or school option income tax** effective at the time of the loan. No petition to borrow, notice to taxpayers, or other formality is necessary to borrow funds under this section except as specifically provided in this chapter.

SECTION 113. IC 20-10.1-6.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. As used in this chapter:

"Advancement fund" refers to the school technology advancement account as created under section 4 of this chapter.

"Board" refers to the state board of education established under IC 20-1-1-1.

"School corporation" ~~means any corporation authorized by law to establish public schools and levy taxes for their maintenance;~~ **has the meaning set forth in IC 20-5-1-3.**

SECTION 114. IC 20-10.1-25-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. (a) The educational technology program and fund is established for the purpose of providing and extending educational technologies to elementary and secondary schools for:

- (1) the 4R's technology grant program to assist school corporations (on behalf of public schools) in purchasing technology equipment:
 - (A) for kindergarten and grade 1 students, to learn reading, writing, and arithmetic using technology;
 - (B) for students in all grades, to understand that technology is a tool for learning; and
 - (C) for students in kindergarten through grade 3 who have been identified as needing remediation, to offer daily remediation opportunities using technology to prevent those students from failing to make appropriate progress at the particular grade level;
- (2) providing educational technologies, including computers in the homes of students;
- (3) conducting educational technology training for teachers; and

C
o
p
y



(4) other innovative educational technology programs.

(b) The department may also utilize money in the fund under contracts entered into with the Indiana department of administration and the state data processing oversight commission to study the feasibility of establishing an information telecommunications gateway that provides access to information on employment opportunities, career development, and instructional services from data bases operated by the state among the following:

(1) Elementary and secondary schools.

(2) Institutions of higher learning.

(3) Vocational educational institutions.

(4) Libraries.

(5) Any other agencies offering education and training programs.

(c) The fund consists of:

(1) state appropriations;

(2) private donations to the fund;

(3) money directed to the fund from the corporation for educational technology under IC 20-10.1-25.1; or

(4) any combination of the amounts described in subdivisions (1) through (3).

(d) The program and fund shall be administered by the department.

(e) Unexpended money appropriated to or otherwise available in the fund for the department's use in implementing the program under this chapter at the end of a state fiscal year does not revert to the state general fund but remains available to the department for use under this chapter.

(f) Subject to section 1.2 of this chapter, a school corporation may use money from the school corporation's capital projects fund **(repealed January 1, 2006)** as permitted under IC 21-2-15-4 **(repealed January 1, 2006)** for educational technology equipment.

SECTION 115. IC 20-10.1-25-1.2, AS AMENDED BY P.L.77-1999, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.2. (a) Notwithstanding any other law and beginning July 1, 1993, a school corporation is not entitled to:

(1) receive any money under this chapter or IC 20-10.1-25.1;

(2) use money from the school corporation's capital projects fund **(repealed January 1, 2006)** for educational technology equipment under IC 21-2-15-4 **(repealed January 1, 2006)**; or

(3) receive an advance from the common school fund for an educational technology program under IC 21-1-5;

unless the school corporation develops a three (3) year technology plan.

(b) Each technology plan must include at least the following

C
o
p
y



information:

(1) A description of the school corporation's intent to integrate technology into the school corporation's curriculum.

(2) A plan for providing inservice training.

(3) A schedule for maintaining and replacing educational technology equipment.

(4) A description of the criteria used to select the appropriate educational technology equipment for the appropriate use.

(5) Other information requested by the department after consulting with the budget agency.

(c) The department shall develop guidelines concerning the development of technology plans. The guidelines developed under this subsection are subject to the approval of the governor.

SECTION 116. IC 20-10.1-25-5, AS ADDED BY P.L.77-1999, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. A school corporation that receives a grant under this chapter must deposit the grant in the school technology fund established under IC 21-2-18 (**repealed January 1, 2006**).

SECTION 117. IC 20-10.1-25.3-11, AS AMENDED BY P.L.234-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 11. (a) The department shall list all school corporations in Indiana **before January 1, 2006**, according to assessed valuation for property tax purposes per student in ADM, beginning with the school corporation having the lowest assessed valuation for property tax purposes per student in ADM **and after December 31, 2006, according to estimated collections of the school option income tax per student in ADM**. For purposes of the list made under this section, the Indiana School for the Deaf and the Indiana School for the Blind shall be considered to have the lowest assessed valuation for property tax purposes **and lowest school option income tax** per student in ADM during the six (6) year period beginning on July 1, 2001.

(b) The department must prepare a revised list under subsection (a) before a new series of grants may begin.

(c) The department shall determine those school corporations to be placed in a group to receive a grant in a fiscal year under this chapter as follows:

(1) Beginning with the school corporation that is first on the list developed under subsection (a), the department shall continue sequentially through the list and place school corporations that qualify for a grant under section 6 of this chapter in a group until the cumulative total ADM of all school corporations in the group

C
o
p
y



depletes the money that is available for grants in the fiscal year.

(2) Each fiscal year the department shall develop a new group by continuing sequentially through the list beginning with the first qualifying school corporation on the list that was not placed in a group in the prior fiscal year.

(3) If the final group developed from the list contains substantially fewer students in ADM than available money, the department shall:

(A) prepare a revised list of school corporations under subsection (a); and

(B) place in the group qualifying school corporations from the top of the revised list.

(4) The department shall label the groups with sequential numbers beginning with "group one".

SECTION 118. IC 20-10.1-25.3-16, AS AMENDED BY P.L.234-2001, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 16. A school corporation that receives a grant under this chapter must deposit the grant in the school technology fund established under IC 21-2-18 (**repealed January 1, 2006**). If the Indiana School for the Deaf or the Indiana School for the Blind receives a grant under this chapter, the school must deposit the grant in an account or fund that the school uses exclusively for the funding of technology.

SECTION 119. IC 20-12-14-2, AS AMENDED BY P.L.224-2003, SECTION 139, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) Instruction in laboratory schools may be provided for pre-school pupils, kindergarten pupils, special education pupils, and for all or a portion of the twelve (12) common school grades.

(b) Agreements may be entered into with local school units and educational organizations for the assignment of pupils to such laboratory schools, the payment of transfer fees, and contributions to the cost of establishing and maintaining the laboratory schools.

(c) A laboratory school that:

(1) is operated by a university under this chapter without an agreement described in subsection (b); and

(2) has an ADM (as defined in IC 21-3-1.6-1.1(d)) of not more than seven hundred fifty (750);

shall be treated as a charter school for purposes of local funding under IC 6-1.1-19 (**repealed January 1, 2006**) and state funding under IC 21-3.

(d) A pupil who attends a laboratory school full time may not be

C
o
p
y



counted in ADM or ADA by any local school unit when his attendance is not regulated under an agreement.

SECTION 120. IC 21-1-5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) To qualify for an advance under this chapter, the school corporation or school township is required to establish a capital projects fund under IC 21-2-15 **(repealed January 1, 2006)**. However, the Indiana state board of education, after consulting with the department of education and the budget agency, may waive or modify this requirement upon a showing of good cause by the school corporation or school township.

(b) No advance to a school corporation or a school township for any school building construction program may exceed the greater of:

(1) fifteen million dollars (\$15,000,000); or

(2) the product of fifteen thousand dollars (\$15,000) multiplied by the number of pupils accommodated as a result of the school construction building program. However, if a school corporation or school township has sustained loss by fire, wind, cyclone, or other disaster, this limitation may be waived by the Indiana state board of education after consulting with the department of education and the budget agency.

(c) Advances for educational technology programs are without limitation in amount other than the availability of funds in the common school fund for this purpose and the ability of the school corporation or school township desiring an advance to pay the advance in accordance with the terms of the advance.

SECTION 121. IC 21-1-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005]: Sec. 2. (a) The state board of education is authorized, subject to the provisions of this chapter, to order and direct the auditor of state to divert and make an advancement periodically from the state school tuition fund for the construction, remodeling, or repair of school buildings to any school corporation or school organized and existing under and pursuant to any law of the state of Indiana for the operation of a public school which is a part of the common school system of the state. An advancement to any school or school corporation under section 3 of this chapter shall not be in excess of two hundred fifty thousand dollars (\$250,000). ~~However, this dollar limitation is waived if:~~

~~(1) the school corporation has an adjusted assessed valuation per pupil ADA of less than eight thousand four hundred dollars (\$8,400);~~

~~(2) the school corporation's debt service tax rate would exceed one dollar (\$1) for each one hundred dollars (\$100) of assessed~~

C
o
p
y



1 valuation without a waiver of the dollar limitation; and
 2 (3) the school property tax control board recommends a waiver of
 3 the limitation.

4 (b) All advancements shall be made by the state board of education
 5 only as set forth in this chapter. In no instance shall an advancement be
 6 made for any purpose other than the construction, remodeling, or
 7 repairing of school buildings and classrooms and shall not be made for
 8 gymnasiums, auditoriums, or any athletic facilities.

9 SECTION 122. IC 21-1-11-3 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. The state board of
 11 education shall make nondisaster advancements to schools and school
 12 corporations under the provisions of this chapter only when the
 13 following conditions exist:

14 (a) The school buildings and classrooms of any school or school
 15 corporation are not adequate for the proper education of the pupils
 16 in that school or school corporation and the school or school
 17 corporation is unable to finance the construction, remodeling, or
 18 repair of the necessary classrooms under existing debt and tax
 19 limitations without undue financial hardship.

20 (b) The school corporation or school has issued its bonds for the
 21 purpose of constructing, remodeling, or repairing schools and
 22 school buildings in ninety percent (90%) of the maximum amount
 23 allowable under the constitution and laws of the state of Indiana.

24 (c) The school or school corporation does not have funds available
 25 for the construction, remodeling, or repair of school buildings and
 26 classrooms sufficient to meet the requirements for the proper
 27 education of the pupils therein.

28 (d) The school corporation or school shall have established and
 29 maintained:

30 **(1) to qualify for a loan before January 1, 2006,** a tax levy in
 31 the amount of at least sixteen and sixty-seven hundredths cents
 32 (\$0.1667) on each one hundred dollars (\$100) of taxable
 33 property within the school corporation for school building
 34 purposes continuously for three (3) years prior to the time when
 35 the school or school corporation shall make application to the
 36 state board of education for an advancement; **and**

37 **(2) to qualify for a loan after December 31, 2005, any**
 38 **combination of:**

39 **(A) the tax levies required under subdivision (1) for school**
 40 **building purposes; and**

41 **(B) a school option income tax rate of at least two and**
 42 **five-tenths percent (2.5%);**

C
o
p
y



continuously for three (3) years before the time when the school or school corporation shall make application to the Indiana state board of education for an advancement.

SECTION 123. IC 21-2-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) The governing body of each school corporation in Indiana shall establish a debt service fund for the payment of the following:

(1) All debt and other obligations arising out of funds borrowed or advanced for school buildings when purchased from the proceeds of a bond issue for capital construction.

(2) A lease to provide capital construction.

(3) Interest on emergency and temporary loans.

(4) All debt and other obligations arising out of funds borrowed or advanced for the purchase or lease of school buses when purchased or leased from the proceeds of a bond issue, or from money obtained from a loan made under IC 20-9.1-6-5, for that purpose.

(5) All debt and other obligations arising out of funds borrowed to pay judgments against the school corporation. ~~or~~

(6) All debt and other obligations arising out of funds borrowed to purchase equipment.

(7) All debt and other obligations arising under 20-5-4-1.7 (repealed), IC 20-8.1-6.5-4, IC 21-1-5, or IC 21-1-11.

(b) The term "debt service" shall include but not be limited to lease rental obligations, school bonds and coupons and civil bond obligations assumed by school corporations reorganized pursuant to IC 20-4-1, and any interest cost on emergency and temporary loans but shall not include the repayment of the principal of the emergency and temporary loans obtained for benefit of any other fund, **except as authorized under subsection (a).**

(c) All receipts and disbursements authorized by law for school funds and tax levies for the lease rental fund, bond fund, sinking fund, civil bond obligation fund, and payment of interest on emergency and temporary loans shall be received in and disbursed from the debt service fund.

SECTION 124. IC 21-2-4-3, AS AMENDED BY P.L.90-2002, SECTION 421, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) **This section does not apply to or authorize the imposition of an ad valorem property tax levy for debt service obligations that are not described in subsection (b) or (c).**

(b) A tax levy shall be established by the governing body of each school corporation for the 1968 calendar year and all succeeding

C
o
p
y



1 calendar years sufficient to pay **only** all debt service obligations
 2 **incurred as a result of:**

3 (1) an agreement entered into by the governing body of a
 4 school corporation before March 16, 2004; or

5 (2) an agreement entered into by the governing body of a
 6 school corporation after March 15, 2004, to refinance or
 7 refund a debt service obligation incurred as a result of an
 8 agreement entered into by the governing body of a school
 9 corporation before March 16, 2004.

10 (c) A tax levy may be established for the 2004 or 2005 calendar
 11 year only to pay all debt service obligations incurred as a result of
 12 an agreement entered into by the governing body of a school
 13 corporation after March 15, 2004, and before January 1, 2006.

14 (d) If the advertised levy is insufficient to produce revenue to meet
 15 all debt service obligations **described in subsection (b) or (c)** for any
 16 calendar year, the department of local government finance is hereby
 17 authorized to establish a levy greater than advertised, if necessary, to
 18 meet such obligations.

19 SECTION 125. IC 21-2-19 IS ADDED TO THE INDIANA CODE
 20 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 21 1, 2004]:

22 **Chapter 19. School System of Accounts and Accounting**

23 **Sec. 1.** The state board of accounts shall exercise its authority
 24 under IC 5-11-1-2 to establish a uniform system of accounts and
 25 accounting for school corporations (as defined in IC 20-5-1-3). The
 26 state board of accounts may revise the system of accounts and
 27 accounting established under this chapter as the state board of
 28 accounts determines necessary to meet the requirements under
 29 section 2 of this chapter.

30 **Sec. 2.** The system of accounts and accounting must meet the
 31 following requirements:

32 (1) Promote the development of financial reports that are
 33 consistent with generally accepted governmental accounting
 34 principles.

35 (2) Facilitate the comparison of annual revenues and
 36 expenditures among school corporations.

37 (3) Assist school corporations in meeting all special reporting
 38 requirements imposed under the terms of state law, federal
 39 law, an agreement, or a gift.

40 (4) Provide adequate internal controls.

41 (5) Assist the state board of accounts and other auditors in
 42 auditing the finances and internal controls of school

**C
o
p
y**



corporations.

Sec. 3. The system of accounts and accounting may provide for one (1) or more funds and one (1) or more accounts within a fund. The system must provide for a debt service fund as long as the school corporation has outstanding debt service (as defined in IC 21-2-4-2) obligations incurred as a result of:

(1) an agreement entered into by the governing body of a school corporation before March 16, 2004; or

(2) an agreement entered into by the governing body of a school corporation after March 15, 2004, to refinance or refund a debt service obligation incurred as a result of an agreement entered into by the governing body of a school corporation before March 16, 2004.

Sec. 4. Money in a fund of a school corporation on December 31, 2005, shall be transferred on January 1, 2006, to the funds and accounts established under this chapter in conformity with the policies and procedures prescribed by the state board of accounts.

Sec. 5. The system of accounts and accounting established under this chapter shall be used by all school corporations after December 31, 2005.

Sec. 6. Every person who has charge of the collection, custody and disbursement of any funds that are collected and expended for the purpose of paying any expenses incurred in conducting any athletic, social or other school function, the cost of which is not paid from public funds, shall keep an accurate account of all money so received and expended and show the sources of all such receipts and the purposes for which the money was expended and the balance on hand. A copy of the report shall be filed with the township trustee, board of school trustees, or board of school commissioners within two (2) weeks after the close of each school year. The report is a public record open to inspection by any interested person at any reasonable time during office hours.

SECTION 126. IC 21-5-9-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) A lessor corporation qualified or formed to acquire a site, erect a school building thereon, and lease it to a school corporation under either IC 21-5-11 or IC 21-5-12 may also be qualified or formed to, and may, acquire, improve, or expand existing school buildings, may finance the existing or improved school buildings, and may lease them to a school corporation under the applicable law.

(b) A lessor corporation may also acquire and finance an existing school building, other than as provided in subsection (a), and lease it

**C
O
P
Y**



to a school corporation. A school corporation shall comply in all respects with all statutory requirements of IC 21-5-11 or IC 21-5-12 and the petition and remonstrance provisions under IC 6-1.1-20 **or IC 20-5-4.5**. A lease made under this subsection may provide for the payment of lease rentals by the school corporation for the use of the existing school building. Lease rental payments made under the lease do not constitute a debt of the school corporation for purposes of the Constitution of the State of Indiana. A new school building may be substituted for the existing school building under the lease if the substitution was included in the notices given under IC 21-5-11, IC 21-5-12, ~~and~~ IC 6-1.1-20, **and IC 20-5-4.5**. A new school building shall be substituted for the existing school building upon completion. A school corporation may not pay a legal or other professional fee as the result of an exchange or a substitution under this section.

(c) "Existing school building" includes any school building (as defined under IC 21-5-11 or IC 21-5-12) and any building that after acquisition will be used as a school building (as defined in IC 21-5-11 or IC 21-5-12) and may include more than one (1) building but shall not include a portable or relocatable building or classroom.

(d) "Improved school building" means an existing school building as improved, renovated, remodeled, or expanded by a lessor corporation.

SECTION 127. IC 21-5-12-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. Any school corporation which shall execute a lease contract under the provisions of this chapter shall annually appropriate and pay out of the debt service fund sufficient moneys to pay the lease rental stipulated to be paid by such school corporation in such lease contract. ~~Such appropriation and rate shall be reviewable by other bodies vested by law with such authority to ascertain that the levy is sufficient to raise the amount required to meet the rental of such lease contract.~~

SECTION 128. IC 36-1-8-5, AS AMENDED BY P.L.173-2003, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. (a) This section applies to all funds raised by **the following:**

(1) A general or special tax levy on all the taxable property of a political subdivision.

(2) **A school option income tax on adjusted gross income in the school district.**

(b) Whenever the purposes of a tax levy have been fulfilled and an unused and unencumbered balance remains in the fund, the fiscal body of the political subdivision shall order the balance of that fund to be transferred as follows, unless a statute provides that it be transferred

C
o
p
y



otherwise:

(1) Funds of a county, to the general fund or rainy day fund of the county, as provided in section 5.1 of this chapter.

(2) Funds of a municipality, to the general fund or rainy day fund of the municipality, as provided in section 5.1 of this chapter.

(3) Funds of a township for redemption of poor relief obligations, to the poor relief fund of the township or rainy day fund of the township, as provided in section 5.1 of this chapter.

(4) Funds of any other political subdivision, to the general fund or rainy day fund of the political subdivision, as provided in section 5.1 of this chapter. However, if the political subdivision is dissolved or does not have a general fund or rainy day fund, then to the general fund of each of the units located in the political subdivision in the same proportion that the assessed valuation of the unit bears to the total assessed valuation of the political subdivision.

(c) Whenever an unused and unencumbered balance remains in the civil township fund of a township and a current tax levy for the fund is not needed, the township fiscal body may order any part of the balance of that fund transferred to the debt service fund of the school corporation located in or partly in the township. ~~but~~ **However**, if more than one (1) school corporation is located in or partly in the township, then any sum transferred shall be transferred to the debt service fund of each of those school corporations in the same proportion that the part of the assessed valuation of the school corporation in the township bears to the total assessed valuation of the township.

(d) Transfers to a political subdivision's rainy day fund **under this section** must be made after the last day of the political subdivision's fiscal year and before March 1 of the subsequent calendar year.

SECTION 129. IC 36-1-8-5.1, AS AMENDED BY P.L.173-2003, SECTION 19 AND P.L.267-2003, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5.1. (a) A political subdivision may establish a rainy day fund ~~by the adoption of:~~

~~(1) an ordinance, in the case of a county, city, or town; or~~

~~(2) a resolution, in the case of any other political subdivision. (b) An ordinance or a resolution adopted under this section must specify the following:~~

~~(1) The purposes of the rainy day fund:~~

~~(2) The sources of funding for the rainy day fund:~~

~~(c) to receive transfers of unused and unencumbered funds under:~~

(1) section 5 of this chapter;

C
o
p
y



- 1 (2) IC 6-3.5-1.1-21.1;
 2 (3) IC 6-3.5-6-17.3; ~~and~~
 3 (4) IC 6-3.5-7-17.3;
 4 **(5) IC 6-3.5-9-12; and**
 5 **(6) IC 6-3.5-9-28.**

6 **(b) Money in a rainy day fund may be used for any governmental**
 7 **purpose of the political subdivision.** The rainy day fund is subject to
 8 the same appropriation process as other funds that receive tax money.
 9 Before making an appropriation from the rainy day fund, the fiscal
 10 body shall make a finding that the proposed use of the rainy day fund
 11 is consistent with the intent of the fund. **It is the intent of the general**
 12 **assembly that money in a rainy day fund be used only to:**

- 13 **(1) pay extraordinary expenses of a political subdivision that**
 14 **could not have been foreseen when tax rates were advertised**
 15 **and set for the year in which the obligations became due; and**
 16 **(2) replace revenues from other sources in years in which tax**
 17 **receipts and other revenues are reduced because of economic**
 18 **conditions, war, foreign invasion, or other great public**
 19 **calamity.**

20 **A political subdivision may not guarantee the repayment of a debt**
 21 **or pledge to repay debt from money in a rainy day fund**

22 ~~(d)~~ **(c) This subsection applies only to amounts transferred to a**
 23 **rainy day fund under section 5 of this chapter.** In any fiscal year, a
 24 political subdivision may transfer ~~under section 5 of this chapter~~ not
 25 more than ten percent (10%) of the political subdivision's total ~~annual~~
 26 budget ~~adopted under IC 6-1.1-17, for that fiscal year~~ to the rainy day
 27 fund.

28 ~~(e) A political subdivision may use only the funding sources specified~~
 29 ~~in the ordinance or resolution establishing the rainy day fund unless~~
 30 ~~the political subdivision adopts a subsequent ordinance or resolution~~
 31 ~~authorizing the use of another funding source.~~

32 (d) The department of local government finance may not reduce the
 33 actual or maximum permissible levy of a political subdivision as a
 34 result of a balance in the rainy day fund of the political subdivision.

35 SECTION 130. IC 36-1-15-3, AS AMENDED BY P.L.90-2002,
 36 SECTION 466, IS AMENDED TO READ AS FOLLOWS
 37 [EFFECTIVE JULY 1, 2004]: Sec. 3. The department of local
 38 government finance shall compute, in conjunction with the approvals
 39 required under IC 6-1.1-18.5-8(b) and IC 6-1.1-19-8 **(repealed**
 40 **January 1, 2006)**, an adjusted value of the taxable property within
 41 each political subdivision. The department of local government finance
 42 may request a certification of net assessed valuation from the county

C
o
p
y



auditor in order to make a calculation under this section.

SECTION 131. IC 36-7-15.1-26.9, AS AMENDED BY P.L. 90-2002, SECTION 482, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 26.9. (a) The definitions set forth in section 26.5 of this chapter apply to this section.

(b) The fiscal officer of the consolidated city shall publish in the newspaper in the county with the largest circulation all determinations made under section 26.5 or 26.7 of this chapter that result in the allowance or disallowance of credits. The publication of a determination made under section 26.5 of this chapter shall be made not later than June 20 of the year in which the determination is made. The publication of a determination made under section 26.7 of this chapter shall be made not later than December 5 of the year in which the determination is made.

(c) If credits are granted under section 26.5(g) or 26.5(h) of this chapter, whether in whole or in part, property taxes on personal property (as defined in IC 6-1.1-1-11) that are equal to the aggregate amounts of the credits for all taxpayers in the allocation area under section 26.5(g) and 26.5(h) of this chapter shall be:

- (1) allocated to the redevelopment district;
- (2) paid into the special fund for that allocation area; and
- (3) used for the purposes specified in section 26 of this chapter.

(d) The county auditor shall adjust the estimate of assessed valuation that the auditor certifies under IC 6-1.1-17-1 for all taxing units in which the allocation area is located. The county auditor may amend this adjustment at any time before the earliest date a taxing unit must publish the unit's proposed property tax rate under IC 6-1.1-17-3 in the year preceding the year in which the credits under section 26.5(g) or 26.5(h) of this chapter are paid. The auditor's adjustment to the assessed valuation shall be:

- (1) calculated to produce an estimated assessed valuation that will offset the effect that paying personal property taxes into the allocation area special fund under subsection (c) would otherwise have on the ability of a taxing unit to achieve the taxing unit's tax levy in the following year; and
- (2) used by the county board of tax adjustment, the department of local government finance, and each taxing unit in determining each taxing unit's tax rate and tax levy in the following year.

(e) The amount by which a taxing unit's levy is adjusted as a result of the county auditor's adjustment of assessed valuation under subsection (d), and the amount of the levy that is used to make direct payments to taxpayers under section 26.5(h) of this chapter, is not part of the total

C
o
p
y



1 county tax levy under IC 6-1.1-21-2(g) and is not subject to
2 IC 6-1.1-20.

3 (f) The ad valorem property tax levy limits imposed by
4 IC 6-1.1-18.5-3 and IC 6-1.1-19-1.5 (**repealed January 1, 2006**) do
5 not apply to ad valorem property taxes imposed that are used to offset
6 the effect of paying personal property taxes into an allocation area
7 special fund during the taxable year under subsection (d) or to make
8 direct payments to taxpayers under section 26.5(h) of this chapter. For
9 purposes of computing the ad valorem property tax levy limits imposed
10 under IC 6-1.1-18.5-3 and IC 6-1.1-19-1.5 (**repealed January 1,**
11 **2006**), a taxing unit's ad valorem property tax levy for a particular
12 calendar year does not include that part of the levy imposed to offset
13 the effect of paying personal property taxes into an allocation area
14 special fund under subsection (d) or to make direct payments to
15 taxpayers under section 26.5(h) of this chapter.

16 (g) Property taxes on personal property that are deposited in the
17 allocation area special fund:

18 (1) are subject to any pledge of allocated property tax proceeds
19 made by the redevelopment district under section 26(d) of this
20 chapter, including but not limited to any pledge made to owners of
21 outstanding bonds of the redevelopment district of allocated taxes
22 from that area; and

23 (2) may not be treated as property taxes used to pay interest or
24 principal due on debt under IC 6-1.1-21-2(g)(1)(D).

25 SECTION 132. THE FOLLOWING ARE REPEALED [EFFECTIVE
26 JANUARY 1, 2006]: IC 6-1.1-19; IC 6-1.1-34; IC 21-1-5-8;
27 IC 21-1-5-10; IC 21-1-11-8; IC 21-2-1; IC 21-2-3.1; IC 21-2-3.2;
28 IC 21-2-5; IC 21-2-5.5; IC 21-2-5.6; IC 21-2-9; IC 21-2-11;
29 IC 21-2-11.5; IC 21-2-11.6; IC 21-2-12; IC 21-2-13; IC 21-2-14;
30 IC 21-2-15; IC 21-2-17; IC 21-2-18; IC 21-4; IC 21-5-8-1.

31 SECTION 133. [EFFECTIVE JANUARY 1, 2005] **For purposes of:**

- 32 (1) IC 6-2.5-2-2, as amended by this act;
- 33 (2) IC 6-2.5-4-4.5, as amended by this act;
- 34 (3) IC 6-2.5-6-7, as amended by this act;
- 35 (4) IC 6-2.5-6-8, as amended by this act;
- 36 (5) IC 6-2.5-6-10, as amended by this act;
- 37 (6) IC 6-2.5-7-3, as amended by this act; and
- 38 (7) IC 6-2.5-7-5, as amended by this act;

39 **all transactions, except the furnishing of public utility, telephone,**
40 **or cable television services and commodities by retail merchants**
41 **described in IC 6-2.5-4-5, IC 6-2.5-4-6, and IC 6-2.5-4-11, shall be**
42 **considered as having occurred after January 31, 2006, to the extent**

C
O
P
Y



that delivery of the property or services constituting selling at retail is made after that date to the purchaser or to the place of delivery designated by the purchaser. However, a transaction shall be considered as having occurred before February 1, 2006, to the extent that the agreement of the parties to the transaction was entered into before February 1, 2006, and payment for the property or services furnished in the transaction is made before February 1, 2006, notwithstanding the delivery of the property or services after January 31, 2006.

SECTION 134. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "commission" refers to the school budget year and property tax elimination commission established by this SECTION.

(b) The school budget year and property tax elimination commission is established.

(c) The commission consists of twelve (12) members appointed as follows:

(1) Two (2) members of the senate, not more than one (1) of whom may be affiliated with the same political party, to be appointed by the president pro tempore of the senate.

(2) Two (2) members of the house of representatives, not more than one (1) of whom may be affiliated with the same political party, to be appointed by the speaker of the house of representatives.

(3) The commissioner of the department of local government finance or the commissioner's designee.

(4) The state superintendent of public instruction or the superintendent's designee.

(5) A representative of the Indiana Association of School Business Officials appointed by the president pro tempore of the senate.

(6) A representative of the Indiana School Boards Association appointed by the speaker of the house of representatives.

(7) A representative of the Indiana Association of Public School Superintendents appointed by the speaker of the house of representatives.

(8) A representative of the Indiana Association of Cities and Towns appointed by the speaker of the house of representatives.

(9) A representative of the Indiana Association of Counties appointed by the speaker of the house of representatives.

(10) A county auditor appointed by the speaker of the house of representatives.

C
o
p
y



- 1 (d) The commission shall study the following:
- 2 (1) The calendar year budgeting procedures of school
- 3 corporations.
- 4 (2) The calendar year procedures for the establishment of a
- 5 property tax levy, the establishment of a property tax rate, and
- 6 the collection of property taxes to retire debt obligations and
- 7 leases entered into before March 16, 2004.
- 8 (3) Matters related to changing the budgeting and revenue
- 9 collection cycle of school corporations from a calendar year
- 10 basis to a fiscal year basis.
- 11 The commission may study other topics assigned by the legislative
- 12 council or as directed by the commission's chairperson.
- 13 (e) The commission shall prepare legislation for introduction in
- 14 the general assembly to:
- 15 (1) bring any laws in conflict with this act into conformity with
- 16 this act;
- 17 (2) eliminate obsolete statutes related to schools; and
- 18 (3) reduce the number of substantially similar, overlapping
- 19 statutes related to schools.
- 20 (f) The commission shall operate under the policies governing
- 21 study committees adopted by the legislative council.
- 22 (g) The affirmative votes of a majority of the voting members
- 23 appointed to the commission are required for the commission to
- 24 take action on any measure, including final reports.
- 25 (h) This SECTION expires November 1, 2006.
- 26 SECTION 135. An emergency is declared for this act.

C
o
p
y

